Historic, Archive Document

Do not assume content reflects current scientific knowledge, policies, or practices.

Volume II

EXPLANATORY NOTES

for

DEPARTMENT OF AGRICULTURE

Fiscal Year

1949

CONTENTS

	PAGES
Table of Contents	I
Control of Forest Pests	1
Forest Service	37
Forest Roads and Trails	98
Flood Control	105
Soil Conservation Service	114
Land Utilization and Retirement of Submarginal Land	136
Water Conservation and Utilization Projects	143
Production and Marketing Administration	155
Commodity Credit Corporation	156
Conservation and Use of Agricultural Land Resources	209
Sugar Act	233
Exportation and Domestic Consumption of Agricultural Commodities	243
National School Lunch Act	256
Marketing Services	267
Commodity Exchange Authority	341
Farmers' Home Administration	345
Water Facilities, Arid and Semiarid Areas	364
Rural Electrification Administration	372
Federal Crop Insurance Corporation	390
General Provisions	423

FEB 13 1948

C O N T E N T S

(Volume II)

	Pages
CONTROL OF FOREST PESTS	1
Gypsy and Brown-Tail Moths	3
Forest Pest Control Act	9
White Pine Blister Rust	14
Dutch Elm Disease	22
Passenger Motor Vehicles and Aircraft	26
TUSSOCK MOTH CONTROL	27
FOREST SERVICE:	
Salaries and Expenses:	
General Administrative Expenses	31
National Forest Protection and Management	35
Fighting Forest Fires	48
Forest and Range Management Investigations	50
Forest Products	59
Forest Resources Investigations	64
Control of Tree Insect Epidemics, National Forests	66
Forest Fire Cooperation	68
Farm and Other Private Forestry Cooperation	72
Acquisition of Lands for National Forests	79
Acquisition of Lands from National Forest Receipts	82
Statement of Obligations Under Supplemental Funds	88
Passenger Motor Vehicles and Aircraft	96
Penalty Mail	97
FOREST ROADS AND TRAILS	98
Passenger Motor Vehicles	104
FLOOD CONTROL	105
SOIL CONSERVATION SERVICE:	
Salaries and Expenses:	
Soil Conservation Research	115
Soil Conservation Operations	125
Land Utilization and Retirement of Submarginal Land	136
Water Conservation and Utilization Projects	143
Statement of Obligations Under Supplemental Funds	150
Passenger Motor Vehicles	153
Penalty Mail	153

Pages

PRODUCTION AND MARKETING ADMINISTRATION:
Commodity Credit Corporation 156
Conservation and Use of Agricultural Land Resources 209
Sugar Act 233
Exportation and Domestic Consumption of Agricultural Commodities 243
National School Lunch Act 256
Marketing Services 267
Market News Service 269
Market Inspection of Farm Products 278
Marketing Farm Products 285
Tobacco Acts 297
Cotton Statistics, Classing, Standards, and Futures Acts .. 305
Marketing Regulatory Acts 311
Freight Rates for Farm Products 331
Supply and Distribution of Farm Labor, Department of Agriculture 332
Statement of Obligations Under Supplemental Funds 333
Passenger Motor Vehicles 338
Penalty Mail 339

COMMODITY EXCHANGE AUTHORITY 341
Penalty Mail 344

FARMERS' HOME ADMINISTRATION 345
Water Facilities, Arid and Semiarid Areas 364
Statement of Obligations Under Supplemental Funds 368
Passenger Motor Vehicles 370
Penalty Mail 370

RURAL ELECTRIFICATION ADMINISTRATION 372
Statement of Obligations Under Supplemental Funds 386
Passenger Motor Vehicles 387
Penalty Mail 387

SUGAR RATIONING ADMINISTRATION 388

FEDERAL CROP INSURANCE CORPORATION 390
Penalty Mail 399

WORKING FUNDS, DEPARTMENT OF AGRICULTURE, GENERAL 400

CLAIMS, JUDGMENTS, AND PRIVATE RELIEF ACTS 400

PAYMENTS FROM PROCEEDS OF SALES, MOTOR-PROPELLED VEHICLES, ETC., DEPARTMENT OF AGRICULTURE 400

MISCELLANEOUS CONTRIBUTED FUNDS, DEPARTMENT OF AGRICULTURE 401

RETURN OF EXCESS DEPOSITS FOR REPRODUCTIONS OF PHOTOGRAPHS, MOSAICS, AND MAPS 402

UNCLAIMED MONEYS OF INDIVIDUALS 402

GENERAL PROVISIONS 403

CONTROL OF FOREST PESTS

In past years appropriations for the control of forest pests have been included in several appropriation items in the acts making appropriations to the Department of Agriculture and the Department of the Interior. The estimates for the fiscal year 1949 propose that these various appropriations be consolidated into a single appropriation item, "Control of Forest Pests". The proposed consolidation does not contemplate any change in the responsibilities of the several agencies now responsible for work on forest pests.

The proposal to consolidate appropriations to combat insects and diseases destructive to forests is in general agreement with the policy established in the Forest Pest Control Act, approved June 25, 1947. For a number of years funds have been provided, under specific authorizing legislation, for the control of certain important, introduced forest pests known to be established only in limited areas of the United States. These pests are the gypsy and brown-tail moths, the Dutch elm disease, and white pine blister rust. The identity of these activities is continued by provision for subappropriation items under the new general appropriation item. The activities directed toward the control and prevention of spread of the gypsy and brown-tail moths and the Dutch elm disease will continue to be conducted by the Bureau of Entomology and Plant Quarantine. The control of white pine blister rust will continue to be conducted jointly by the Bureau of Entomology and Plant Quarantine, the Forest Service, and the Department of Interior.

A separate subappropriation item is proposed to provide for carrying out the policy and purposes of the Forest Pest Control Act and to bring together under one heading the amounts currently provided in various appropriations to carry out control operations against many different insects and diseases destructive to the forests of our country. The funds provided under this sub-item will be available for allotment by the Secretary of Agriculture to agencies of the Department of Agriculture and Department of the Interior to detect and appraise the status of forest pests and to carry out operations to control them, in accordance with the procedures outlined in the general authorizing legislation.

The following tabulation provides a comparison between the present appropriation structure and that proposed in the estimates:

Comparison of Present and Proposed Appropriation Structure, Fiscal Year 1948

Present Appropriation Structure		Proposed Appropriation Structure	
Item	Amount	Item	Amount
Salaries and expenses, Bureau of Entomology and Plant Quarantine, Agricultural Research Administration, Insect and plant disease control	$603,600	Control of Forest Pests: Gypsy and brown-tail moths	$603,600
Salaries and expenses, Bureau of Entomology and Plant Quarantine, Agricultural Research Administration, Insect investigations	10,000	Forest Pest Control Act	134,691
Salaries and expenses, Forest Service, National forest protection and management	100,716		
National Park Service, Department of Interior	23,975		
White Pine Blister Rust, Department of Agriculture	3,750,000	White Pine Blister Rust	3,750,000
Salaries and expenses, Bureau of Entomology and Plant Quarantine, Agricultural Research Administration, Insect and plant disease control	101,800	Dutch Elm Disease	101,800
Total	4,590,091		4,590,091

(a) Preamble

The estimates include new language as follows:

Control of Forest Pests, Department of Agriculture--

For expenses necessary for carrying out operations, measures, or surveys necessary to eradicate, suppress, control, or to prevent or retard the spread of insects or diseases which endanger forest trees on any lands in the United States, and for such quarantine measures relating thereto as may be necessary pursuant to the Plant Quarantine Act of August 20, 1912, as amended (7 U.S.C. 151-167), including personal services in the District of Columbia and the purchase (not to exceed two) and operation and maintenance of airplanes, as follows:

This change proposes new language constituting the preamble to the four subappropriations proposed under the mainhead "Control of Forest Pests."

(b) Gypsy and Brown-tail Moths

Appropriation Act, 1948	--
Transfer in estimates from:	
"Salaries and expenses, Entomology and Plant Quarantine, Agricultural Research Administration," insect and plant disease control	$603,600
Total anticipated available, 1948	603,600
Budget estimate, 1949	603,600
Change, 1949	--

PROJECT STATEMENT

Project	1947	1948 (estimated)	1949 (estimated)
1. Inspection and certification for gypsy and brown-tail moth control	$155,727	$157,700	$157,700
2. Gypsy and brown-tail moth control	437,800	445,900	445,900
Total available	593,527	603,600	603,600
Transfer in the 1949 estimates from:			
"Salaries and expenses, Entomology and Plant Quarantine, Agricultural Research Administration," insect and plant disease control	-593,527	-603,600	--
Total appropriation or estimate	--	--	603,600

NEW LANGUAGE

The estimates include new language as follows:

> Gypsy and brown tail moths: Gypsy and brown-tail moths, pursuant to section 102 of the Act of September 21, 1944 (7 U.S.C. 147a), $603,600.

This change proposes new language in accordance with the proposed transfer in the estimates to this item of activities relating to gypsy and brown-tail moths previously carried under "Salaries and expenses, Entomology and Plant Quarantine, Agricultural Research Administration," insect and plant disease control. The change will not affect, in any way, the scope or character of the work performed.

ITEMIZATION OF ESTIMATES

Appropriation: Gypsy and Brown-tail Moths

Funds Available for Obligation

Item	Estimate, 1948	Budget Estimates, 1949	Increase (+) or Decrease (-)
Appropriation or estimate	- -	$603,600	+$603,600
Comparative transfer from:			
"Salaries and expenses, Entomology and Plant Quarantine, Agricultural Research Administration," insect and plant disease control	$603,600	- -	-603,600
Total obligations	603,600	603,600	- -
Obligations by Objects			
Standard Classification			
01 Personal services	490,800	490,800	- -
02 Travel	24,000	24,000	- -
03 Transportation of things	5,500	5,500	- -
04 Communication services	3,200	3,200	- -
05 Rents and utility services	20,200	20,200	- -
07 Other contractual services	7,300	7,300	- -
08 Supplies and materials	43,300	43,300	- -
09 Equipment	9,300	9,300	- -
Total available	603,600	603,600	- -

STATUS OF PROGRAM

This item provides for continuing, under the direction of the Bureau of Entomology and Plant Quarantine, the activities directed towards the control and prevention of spread of the gypsy and brown-tail moths. This work is divided into two projects.

1. Inspection and Certification for Gypsy and Brown-tail Moth Control

Current Activities: The objective of the project is to prevent the artificial spread of the gypsy moth and brown-tail moth to uninfested states and areas, from regulated areas in New England and eastern New York, by enforcement of Federal and State quarantines. These regulations prohibit the hazardous movement of living forms of the insects from infested to uninfested areas; permit the movement of noncertified regulated products for controlled subsequent use under conditions which have been found to eliminate all hazards; and, provide for certifications of products which have been treated by approved methods or found to be infestation free through scouting and inspection procedures. Other federal and state agencies, growers, producers and shippers of regulated articles cooperate in the enforcement of quarantine regulations and the development of new, more economical and effective methods of inspections and treatments as a basis for certifications. The work includes:

a. Inspection and certification service for the movement of regulated products offered for shipment to nonregulated areas on a basis of visual inspections, scouting, authorized treatments, processing and handling methods.

b. Authorization of movement of uncertified regulated articles by issuance of limited permits when articles are handled, processed and utilized at specified destinations to preclude any possible chance of insect spread.

c. Designation of commercial sites from which other articles, not under regulation unless found to be infested, may be moved outside the regulated area are surveyed periodically to determine infestation status. Control measures are recommended to owners of infested sites.

d. Participation in DDT experimental test and methyl bromide fumigations in search of more efficient and economic methods which will serve as a basis for certifications.

e. Maintenance of road patrols along the borders of the heavily infested area to intercept uncertified shipments of articles moving via trucks.

Selected Examples of Work Volume and Recent Developments: Shipments of products requiring inspection or treatment, and certification, increased in volume by 25% to 40% over the previous year.

1. Certification of regulated products originating from sites determined as noninfested by scouting, or, produced or processed to preclude any possible infestation, is being stressed. This procedure is less costly and facilitates certifications and shipments. Over 330 commercial establishments made over 130,000 shipments of forest, stone and quarry and nursery products under this method of certification. A majority of the logs, pulpwood and boughs produced in 350 scouted cutting sites were certified under the same method.

2. Fumigation of Christmas trees with methyl bromide, a less costly and more effective method of certification, increased approximately 50% over last year. A total of 470,000 trees, half of which were fumigated, were certified for shipment.

3. Experimental tests with DDT using mist blowers were made at quarries, junk yards, lumber drying sites and other areas. Efforts are being continued to develop more effective and economical certification methods, which will be less restrictive to commerce.

4. State agencies of all quarantined states are cooperating in quarantine enforcement. In 1947 they increased their support by furnishing additional trained inspectors when needed. In addition, they paid part of the salaries of regular federal inspectors.

5. A detailed analysis of the inspection work-load was made last year in each inspection district. Several changes were made in district boundaries and two new districts were added which resulted in more efficient operations.

2. Gypsy and Brown-tail Moth Control

Current Activities: The objective of this project is to apply the control measures to prevent natural spread of the gypsy and brown-tail moths from infested to non-infested areas. The work is conducted in cooperation with State agencies in Pennsylvania, New Jersey, New York, and the New England states. In Pennsylvania the program is one of gypsy moth eradication. Each year the infested areas are delimited and isolated infestations discovered by sex attractant and manual surveys. The most hazardous infestations are treated by spraying. Complete, current information concerning the eradication and control of these insects is furnished to the public to speed up application of improved methods in combating them.

Sex Attractant Survey: This survey is conducted to catch male gypsy moths, if present, on tanglefooted traps baited with sex attractant. Early in the fiscal year 1948, approximately 5,736,000 acres of woodland were surveyed with 13,903 traps at a cost of approximately 1 cent per acre. The results of this survey and a similar one made the previous year, indicate that infested areas in Pennsylvania and New York have been delimited and no spread of the gypsy moth has occurred. No male gypsy moths were caught in New Jersey or in any of the areas treated by aircraft with DDT, except in two cases where single male moths were recovered near the border of the treated areas within a short distance of known infestation just beyond the sprayed area.

Collection of Female Gypsy Moth Pupae: Approximately 1,336,000 pupae, the greatest number ever obtained, were collected during the summer of 1947. The sex attractant is obtained from these pupae. Twenty-seven per cent of these pupae produced moths, and 367,235 abdominal tips were obtained. Some of these were used during the current season and the remainder will be processed and improved by the Division of Insecticide Investigations of the Bureau of Entomology and Plant Quarantine at Beltsville, Maryland. That Division will retain 100,000 tips for investigational work, leaving about 240,000 for treatment for use in next season's surveys. The improving process makes it possible to survey twice as much area as when untreated material is used.

Manual Surveys: The presence or absence of actual gypsy moth egg cluster infestations were determined by manual surveys in the areas where male gypsy moths were caught. The manual surveys were principally based on the results obtained by the trapping survey. Approximately 1,767,000 acres were manually surveyed during the year, resulting in the discovery of 839 infestations comprising approximately 139,000 egg clusters.

Spray Programs: The information obtained from surveys was used in the preparation of the eradication and control spray programs. This was based on the eradication of all isolated infestations beyond the generally infested area and all infestations along the periphery of the infested area in New York State, and the control and eradication of infestations to the east to reduce the hazard of westward spread. Spraying commenced early in April and continued into the last week of June. Approximately 163,600 acres, or 255 square miles, of gypsy moth infested territory located in northeastern Pennsylvania, eastern New York, and western New England were sprayed with a concentrated DDT oil solution distributed by aircraft, ground mist blowers, and knapsack sprayers. This is twice the area treated in 1946. Approximately 106,700 acres of this area were sprayed by aircraft. Five Federal and two New York State owned biplanes were used in spraying

this acreage, except 20,000 acres which were treated by aircraft under contract. Approximately 54,700 acres were sprayed with four Federal and two State owned blowers (one by New York and one by Pennsylvania) and the remainder, about 2,200 acres, were treated with knapsack sprayers. Since the completion of the spray program, intensive examinations have been made at approximately 200 study plots and at sites of many of the concentrations of infestations within the treated areas with negative results. The results obtained by the trapping survey are equally assuring.

Spraying with DDT for gypsy moth control is extremely effective and no evidence of injury to bees, birds, or other wildlife including fish, or to human beings has been observed at the dosage of 1 pound of DDT in 1 gallon of oil solution prior to, and 1/2 pound of DDT in 1 gallon of oil solution per acre following hatch of the gypsy moth eggs. Spraying of woodlands with conventional ground hydraulic equipment costs from 15 to 25 dollars an acre, but only approximately $1.39 an acre when done by aircraft, and 29 cents an acre when treated with blowers. During the coming year, it is planned to spray approximately 250,000 acres of woodland in Pennsylvania, eastern New York, and western New England with DDT by aircraft and blowers. Exclusive use of DDT in future control programs is contemplated until some better insecticide for the control of the gypsy moth is discovered.

Investigational work during the summer resulted in the development of 2 more efficient traps for use in the sex attractant survey. Research work with the attractant material at Beltsville may lead to still further improvements in this material. Repeated trap surveys will be necessary to check the areas as extermination of the gypsy moth is accomplished in Pennsylvania and along the periphery of the infested area in New York.

(c) Forest Pest Control Act

Appropriation Act, 1948	$ - -
Transfer in estimates from:	
Salaries and expenses, Entomology and Plant Quarantine, Agricultural Research Administration, Insect Investigations	10,000
Salaries and expenses, Forest Service, National forest protection and management	100,716
National Park Service, Department of the Interior	23,975
Total anticipated available, 1948	134,691
Budget estimate, 1949	135,000
Change, 1949 (To round off appropriation total)	+309

PROJECT STATEMENT

Project	1947	1948 (estimated)	1949 (estimated)	Increase or decrease
1. Detection surveys	$ 10,000	$ 10,000	$ 10,000	$ - -
2. Control activities on Department of Interior lands	30,319	23,975	24,000	+25
3. Control activities on National Forests	100,126	100,716	101,000	+284
Total available	140,445	134,691	135,000	+ 309 (1)
Transfer in the 1949 estimates from:				
"Salaries and expenses, Entomology and Plant Quarantine, Agricultural Research Administration, "insect investigations"	-10,000	-10,000	- -	
National Park Service, Department of the Interior	-30,319	-23,975	- -	
"Salaries and expenses, Forest Service, national forest protection and management ".....	-100,126	-100,716	- -	
Total appropriation or estimate	- -	- -	135,000	

INCREASE

(1) An increase of $309 to round off appropriation total.

NEW LANGUAGE

The estimates include new language as follows:

Forest Pest Control Act: Forest Pest Control Act (Public Law 110, approved June 25, 1947), $135,000.

This change proposes new language to provide specifically for carrying out the purposes of the Forest Pest Control Act of June 25, 1947, and to appropriate for such purposes funds heretofore carried annually in the estimates under the following appropriations:

"Salaries and expenses, entomology and plant quarantine, Agricultural Research Administration," insect investigations	$10,000
"Salaries and expenses, Forest Service," national forest protection and management	100,716
"National Park Service," Department of the Interior	23,975

The Act provides that "it shall be the policy of the Government of the United States" to protect and preserve forest resources of the United States from destructive insect pests and diseases, thereby enhancing the growth and maintenance of forests, promote stability of forest-using industries, aid in forest fire control, conserve forest cover on watersheds, and protect recreational and other values of forests.

(see next page)

ITEMIZATION OF ESTIMATES

Appropriation: Forest Pest Control Act

Funds Available for Obligation

Item	Estimate, 1948	Budget Estimates, 1949	Increase(+) or decrease(-)
Appropriation or estimate	- -	$135,000	+135,000
Comparative transfer from			
"Salaries and expenses, Entomology and Plant Quarantine, Agricultural Research Administration," insect investigations	$ 10,000	- -	-10,000
National Park Service, Department of the Interior	23,975	- -	-23,975
"Salaries and expenses, Forest Service, national forest protection and management"	100,716	- -	-100,716
Total obligations	134,691	135,000	+309

Obligations by Objects

Standard Classification			
01 Personal services	99,033	99,100	+67
02 Travel	2,550	2,600	+50
03 Transportation of things	2,276	2,300	+24
04 Communication services	70	100	+30
05 Rents and utility services ..	1,025	1,100	+75
07 Other contractual services ..	2,700	2,700	- -
08 Supplies and materials	24,437	24,500	+63
09 Equipment	2,600	2,600	- -
Total available	134,691	135,000	+309

STATUS OF PROGRAM

This is a new appropriation item, proposed for the fiscal year 1949, consolidating under a single subappropriation funds for forest pest control activities heretofore financed from appropriations to the Bureau of Entomology and Plant Quarantine and the Forest Service of the Department of Agriculture, and the National Park Service of the Department of the Interior. It contemplates carrying out the purpose of the Forest Pest Control Act, approved June 25, 1947, which established a National policy to protect and preserve forest resources of the United States from destructive insect pests and diseases, thereby enhancing the growth and maintenance of forests, promote stability of forest-using industries, and in forest fire control, conserve forest cover on watersheds, and protect recreational and other values of forests.

Contemplated activites:

Detection surveys will be conducted to develop information on the occurrence and status of infestations or infections of insects and diseases destructive to forests. These activities will be under the leadership and direction of the Bureau of Entomology and Plant Quarantine and will be closely correlated and integrated with the activities carried out by research agencies of the Department and other agencies so as to utilize the information and knowledge they possess. Where surveys are carried out on Federally owned lands the work will be conducted in close cooperation with the land managing agencies and where conducted on state and private lands, close cooperative contacts will be maintained with state officials to get their counsel and assistance. Information secured through these surveys will be used as a basis for planning and conducting control operation that may be required.

Control operations on Federally owned lands (Forest Service and Department of Interior) will be conducted by the agency responsible for the management of such land unless it is mutually determined that some other arrangement is more effective and desirable. The activities on Federally-owned lands will be carried out under procedures developed cooperatively and agreed to, and action taken in reference to control programs will be determined cooperatively and with the consent of the agency having jurisdiction over such lands.

Control operations that may be required and provided for on state or privately-owned lands will be planned and executed in cooperation with responsible state agencies. State and private agencies will contribute to these operations, supplying funds, services, materials, or other needed facilities essential to carrying out effective programs. The nature and amount of the contributions to the cooperative effort

will be determined for each specific program, with due regard for the benefit of all individuals and agencies involved and in keeping with the public interest of protecting forests from destructive insects and diseases. Conditions in various situations and locations will differ greatly, and it will be necessary to determine the cooperative procedure and nature of contributions from state and private agencies on the basis of individual projects.

(d) White Pine Blister Rust

Appropriation Act, 1948	$ --
Transfer in estimates from:	
White Pine Blister Rust Control, Department of Agriculture	3,750,000
Total anticipated available, 1948	3,750,000
Budget estimate, 1949	3,750,000
Change, 1949	--

PROJECT STATEMENT

Project	1947	1948 (estimated)	1949 (estimated)
1. Leadership, coordination, and technical direction of white pine blister rust control (Entomology and Plant Quarantine)	$720,837	$679,900	$679,900
2. Blister rust quarantine enforcement (Entomology and Plant Quarantine)	12,995	13,450	13,450
3. Blister rust control operations on the national forests (Forest Service)	2,207,586	1,974,650	1,974,650
4. Blister rust control operations on lands under jurisdiction of Interior Department (Department of the Interior)	601,431	582,000	582,000
5. Cooperative blister rust control on state and privately-owned lands (Entomology and Plant Quarantine)	1,982,856	500,000	500,000
Unobligated balance	65,605	--	--
Total available	5,591,310	3,750,000	3,750,000
Transfer in the 1949 estimates from:			
"White Pine Blister Rust Control, Department of Agriculture"	-6,000,000	-3,750,000	
Transferred from:			
"Salaries and expenses, Office of Information, Department of Agriculture"	+28,690	--	--
"Salaries and expenses, Forest Service," General Administrative Expenses	+72,000	--	--
"Salaries and expenses, Forest Service," National Forest Protection and Management	+308,000	--	--
Total appropriation or estimate	--	--	3,750,000

CHANGE IN LANGUAGE

The estimates include proposed changes in language as follows (deleted matter enclosed with brackets; new language underscored):

[WHITE PINE BLISTER RUST CONTROL]

White Pine Blister Rust Control, Department of Agriculture--

[For expenses necessary to carry out the purposes of the Act approved April 26, 1940 (16 U. S. C. 594a), including personal services in the District of Columbia, $3,750,000, of which amount $582,000 shall be available to the Department of the Interior for control of white pine blister rust on or endangering Federal lands under the jurisdiction of that Department or lands of Indian tribes which are under the jurisdiction of or retained under restrictions of the United States; $1,974,650 of said amount to the Forest Service for the control of white pine blister rust on or endangering lands under its jurisdiction; and $1,193,350 of said amount to the Bureau of Entomology and Plant Quarantine for leadership and general coordination of the entire program, method development, and for operations conducted under its direction for such control, including, but not confined to, the control of white pine blister rust on or endangering State and privately owned lands.]

<u>White pine blister rust: White pine blister rust, pursuant to the Act of April 26, 1940 (16 U. S. C. 594a), $3,750,000, of which amount $582,000 shall be available to the Department of the Interior for the control of white pine blister rust on or endangering Federal lands under the jurisdiction of that Department or lands of Indian tribes which are under the jurisdiction of or retained under restrictions of the United States; $1,974,650 of said amount to the Forest Service for the control of white pine blister rust on or endangering lands under its jurisdiction; and $1,193,350 of said amount to the Bureau of Entomology and Plant Quarantine for leadership and general coordination of the entire program, method development, and for operations conducted under its direction for such control, including, but not confined to, the control of white pine blister rust on or endangering State and privately owned lands.</u>

<u>These changes</u> delete the language under which this appropriation was formerly carried and propose new language which provides for the establishment of a separate subappropriation for "White pine blister rust control" under the main-head appropriation, "Control of Forest Pests." This change will not affect, in any way, the scope or character of the work to be performed.

ITEMIZATION OF ESTIMATES

Appropriation: White pine blister rust

Funds Available for Obligation

Item	Estimate, 1948	Budget Estimates, 1949	Increase (+) or decrease (-)
Appropriation or estimate	- -	$3,750,000	+$3,750,000
Reimbursements for services performed	$28,800	28,800	- -
Total available for obligation	28,800	3,778,800	+3,750,000
Comparative transfer from "White Pine Blister Rust Control, Department of Agriculture"	3,750,000	- -	-3,750,000
Total obligations (inclusive of reimbursements)	3,778,800	3,778,800	- -
Obligations by Objects			
Standard Classification			
01 Personal services	$3,078,704	$3,090,302	+$11,598
02 Travel	51,793	51,718	-75
03 Transportation of things	30,037	30,087	+50
04 Communication services	6,428	6,463	+35
05 Rents and utility services ...	42,815	42,835	+20
07 Other contractual services ...	186,988	196,504	+9,516
08 Supplies and materials	268,332	268,195	-137
09 Equipment	113,303	92,296	-21,007
10 Lands and structures	400	400	- -
Grand total obligations	3,778,800	3,778,800	- -
Reimbursements for services performed	28,800	28,800	- -
Total available (exclusive of reimbursements)	3,750,000	3,750,000	- -

STATUS OF PROGRAM

Current Activities: The purpose of this work is to control the destructive, introduced, blister rust disease of white pines which destroys one of our most valued forest resources. White pines are a valuable component of the forest cover on state and private lands, National Forests, National Parks, Indian Reservations, and Oregon and California Revested lands, where they are of great commercial, recreational and aesthetic importance. The production of white pine lumber from 1940 to 1945 averaged about two billion board feet annually. In 1945, the estimated stumpage value of the three commercial species, eastern white pine, western white pine, and sugar pine was $389,470,000. Protection of white pine forest resources from blister rust is necessary to assure continued production of white pine lumber; provide raw material for dependent logging, milling and manufacturing industries, and supply white pine products for consumers.

Under the authorizing legislation and agreements with cooperating agencies, the Bureau of Entomology and Plant Quarantine is responsible for leadership, coordination, and technical direction of the over-all phases of the work for all the participating agencies and, in addition, for cooperative control work on state and private lands. The Forest Service is responsible for control work on National Forest lands; and the Department of the Interior for control work on National Park, Indian, public domain, and Oregon and California Revested lands. In carrying out its over-all responsibilities the Bureau selects white pine areas for protection; classifies these areas for lumber production, or for aesthetic and recreational values in relation to the feasibility of control; schedules the time interval for reworking control areas; examines burned and logged areas for retention or elimination from the control areas; inspects planting sites to select those that are ribes-free; conducts surveys to determine location of host plants, spread of the rust, degree of damage, and effectiveness of applied control measures; develops new methods of destroying ribes, and tests new chemicals and equipment; recruits and trains seasonal workers for all agencies; keeps records and maps for all control work; selects sites for seasonal camps; works out practical solutions for troublesome control problems, and maintains quarantine restrictions to prevent replanting of ribes in control areas.

Statement Showing Progress:

State and Private Lands - Cooperative blister rust control work on state and private lands was carried on by the Bureau of Entomology and Plant Quarantine in 1946 with the active participation of 25 states, 5 private agencies and numerous counties, towns, and individuals. The participating agencies provided $494,433 for the

cooperative work which was an increase of $129,776 over the previous year. Control measures were applied on 1,492,210 acres, of which 462,562 were initial work and 1,029,648 rework. This is an increase of 718,501 acres over 1945.

National Forest Lands - The Forest Service continued to apply control measures on the 43 National Forests in the three major white pine types. A total of 349,493 acres were cleared of ribes of which 187,672 was initial, and 161,821 rework. The expanded program is reflected by an increase of 139,749 acres in the area worked during the calendar year 1946 over the previous year.

Department of Interior Lands - Control measures were applied by the Department of the Interior agencies on 50,106 acres during 1946. This work was performed by the National Park Service, Indian Service and Oregon and California Revested Lands administration. Of the above acreage, 36,958 acres were rework and 13,148 initial work. Most of this work was in the West where the major problem is located and represents an increase of 14,856 acres over the previous year.

Spread of disease - Blister rust was found on pines for the first time in 1946 on the Tahoe and Eldorado National Forests in California and reached a point 204 airline miles south of the Oregon border. It also was discovered in Teton County, Wyoming, which extends the known limits of the rust 110 miles southward from Mammoth Hot Springs in Yellowstone National Park. The disease continues to spread and destroy white pine in unprotected areas.

Tests of herbicides - Tests indicate that ammonium sulfamate will kill two important species of ribes. Heretofore no chemical had been tested which was effective on R. petiolare and R. lacustre, and R. lacustre had to be removed by hand. In large-scale field tests 2,4-D killed heavy concentrations of the Sierra gooseberry, R. roezli the most troublesome species in the sugar pine region. It appears that the use of chemicals will provide a more economical means of destroying concentrations of these bushes in some areas.

Protection of nurseries.- Protective zones around 17 nurseries that supply white pines for reforestation and planting were surveyed and 6,021 ribes were removed from 7,777 acres of protective zones. This protected over 38,000,000 white pine seedlings.

WHITE PINE BLISTER RUST

Table 1 - Ribes Eradication Work by all Operating Agencies
During the Calendar Year 1946
(Initial and Rework)

Operating Agencies	Initial Work (Acres)	Rework (Acres)	Total (Acres)	Effective Labor (Man-days)	Ribes Destroyed (Number)
Federal:					
National Forest	187,672	161,821	349,493	88,379	7,672,785
O&C Revested Lands	1,600	2,678	4,278	4,681	165,369
National Parks	4,620	24,972	29,592	12,010	1,218,248
Indian Reservation	6,928	9,308	16,236	7,944	1,515,447
Subtotal - Interior	13,148	36,958	50,106	24,635	2,899,064
Total - Federal	200,820	198,779	399,599	113,014	10,571,849
State and Private	462,562	1,029,648	1,492,210	151,198	14,578,658
Grand Total	663,382	1,228,427	1,891,809	264,212	25,150,507

Table 2 - Progress of Ribes Eradication on State
and Private Lands through 1946

Region	Total Acres: Control Area	1st Working: Acres	1st Working: Per-cent	2nd Working: Acres	Other Workings: Acres	On Maintenance: Acres	On Maintenance: Per-cent	Remaining Work: Unworked Acres	Remaining Work: Requiring rework-acres
Northeastern	12,157,957	10,738,925	88	4,973,552	803,876	3,283,570	27	1,419,032	7,455,355
So.Appalachian	4,960,973	4,838,970	97	152,859	26,127	4,551,543	94	122,003	287,427
North Central	3,529,415	2,531,225	72	762,245	105,718	752,402	21	998,190	1,778,823
Subtotal-East	20,648,345	18,109,120	88	5,888,656	935,721	8,587,515	42	2,539,225	9,521,605
Northwestern	1,179,472	685,068	58	173,243	53,507	222,148	19	494,404	462,920
Pacific Coast	1,014,900	474,130	47	173,276	47,609	187,797	18	541,770	285,333
Subtotal-West	2,194,372	1,159,198	53	346,519	101,116	409,945	19	1,036,174	748,253
Grand Total	22,842,717	19,268,318	84	6,235,175	1,036,837	8,997,460	39	3,575,399	10,269,858

Table 3 - Progress of Ribes Eradication on Department of Interior Lands through 1946

Region	Total Acres: Control Area	1st Working: Acres	1st Working: Per-cent	2nd Working: Acres	Other Workings: Acres	On Maintenance: Acres	On Maintenance: Per-cent	Remaining Work: Unworked Acres	Remaining Work: Requiring rework-acres
National Parks									
Northeastern	16,872	16,872	100	15,616	4,979	16,872	100	-	-
So.Appalachian	122,318	119,538	98	3,301	2,899	105,641	88	2,780	13,897
North Central	120	120	100	-	-	-	-	-	120
Subtotal-Eastern	139,310	136,530	98	18,917	7,878	122,513	88	2,780	14,017
Northwestern 1/	24,087	9,236	38	5,894	7,158	6,875	29	14,851	2,361
Pacific Coast	287,327	99,185	35	27,934	4,078	33,189	12	188,142	65,996
Subtotal-Western	311,414	108,421	35	33,828	11,236	40,064	13	202,993	68,357
Total - National Parks	450,724	244,951	54	52,745	19,114	162,577	36	205,773	82,374
O&C Revested Lands									
Pacific Coast	104,145	41,898	40	3,079	688	22,698	17	62,247	19,200
Public Domain Lands									
Northwestern	29,409	16,717	57	5,990	1,690	5,509	19	12,692	11,208
Indian Lands									
So.Appalachian	445	445	100	-	-	445	100	-	-
North Central	113,909	89,666	79	52,418	8,326	19,122	17	24,243	70,544
Total - Indian Lands	114,354	90,111	79	52,418	8,326	19,567	17	24,243	70,544
Grand Total	698,632	393,677	56	114,232	29,818	210,351	30	304,955	183,326

1/ Includes Mt. Rainier 3,581 acres, Glacier 4,728, Yellowstone 8,778, and Rocky Mountain 7,000. The latter two acreages are indefinite and may not be undertaken.

Table 4 - Progress of Ribes Eradication on National Forest Lands through 1946

Region	Total Acres: Control Area	1st Working Acres	1st Working Per-cent	2nd Working Acres	Other Workings Acres	On Maintenance Acres	On Maintenance Per-cent	Remaining Work: Unworked Acres	Remaining Work: Requiring rework-acres
Northeastern	7,315	6,709	92	4,858	3,415	2,513	34	606	4,196
So.Appalachian	1,550,546	1,502,564	97	60,277	14,036	1,412,127	94	47,982	90,437
North Central	400,584	273,602	68	112,502	21,021	125,391	31	126,982	148,211
Subtotal-East	1,958,445	1,782,875	91	177,637	38,472	1,540,031	79	175,570	242,844
Northwestern	1,403,219	1,050,657	75	255,573	59,889	342,498	24	352,562	708,159
Pacific Coast	1,092,911	397,709	36	190,542	66,778	229,185	21	695,202	168,524
Subtotal-West	2,496,130	1,448,366	58	446,115	126,667	571,683	23	1,047,764	876,683
Total	4,454,575	3,231,241	73	623,752	165,139	2,111,714	47	1,223,334	1,119,527
Rocky Mountain (Colo.&Wyo.)1/	421,000	36,619	9	1,962	-	17,000	4	384,381	19,619
Grand Total	4,875,575	3,267,860	67	625,714	165,139	2,128,714	44	1,607,715	1,139,146

1/ Experimental work with WPA labor to determine feasibility of control. Remaining work indefinite.

Table 5 - Progress of Ribes Eradication on Lands in all Ownerships through 1946

Region	Total Acres: Control Area	1st Working Acres	1st Working Per-cent	2nd Working Acres	Other Workings Acres	On Maintenance Acres	On Maintenance Per-cent	Remaining Work: Unworked Acres	Remaining Work: Requiring rework-acres
Northeastern	12,182,144	10,762,506	88	4,994,026	812,270	3,302,955	27	1,419,638	7,459,551
So.Appalachian	6,634,282	6,461,517	97	216,437	43,062	6,069,756	94	172,765	391,761
North Central	4,044,028	2,894,613	72	927,165	135,065	896,915	22	1,149,415	1,997,698
Subtotal-East	22,860,454	20,118,636	88	6,137,628	990,397	10,269,626	45	2,741,818	9,849,010
Northwestern	2,636,187	1,761,678	67	440,700	122,244	577,030	22	874,509	1,184,648
Pacific Coast	2,499,283	1,011,922	40	394,831	119,153	472,869	19	1,487,361	539,053
Subtotal-West	5,135,470	2,773,600	54	835,531	241,397	1,049,899	20	2,361,870	1,723,701
Total	27,995,924	22,892,236	82	6,973,159	1,231,794	11,319,525	40	5,103,688	11,572,711
Rocky Mountain (Colo.&Wyo.)1/	421,000	36,619	9	1,962	-	17,000	4	384,381	19,619
Grand Total	28,416,924	22,928,855	80	6,975,121	1,231,794	11,336,525	40	5,488,069	11,592,330

1/ Experimental work with WPA labor to determine feasibility of control. Remaining work indefinite.

(e) Dutch Elm Disease

Appropriation Act, 1948	$ - -
Comparative transfer from:	
Salaries and expenses, Entomology and Plant Quarantine, Agricultural Research Administration, Insect and plant disease control	101,800
Total anticipated available, 1948	101,800
Budget estimate, 1949	101,800
Change, 1949	- -

PROJECT STATEMENT

Project	1947	1948 (estimated)	1949 (estimated)
Dutch elm disease control	$316,631	$101,800	$101,800
Transfer in the 1949 estimates from: "Salaries and expenses, Entomology and Plant Quarantine, Agricultural Research Administration," insect and plant disease control	- 316,631	- 101,800	- -
Total appropriation or estimate	- -	- -	101,800

NEW LANGUAGE

The estimates include new language as follows:

Dutch elm disease: Dutch elm disease, pursuant to section 102 of the Act of September 21, 1944 (7 U. S. C. 147a), $101,800: Provided, That in the discretion of the Secretary, no expenditures from this appropriation shall be made for applying methods of control of the Dutch elm disease in any State where measures for the removal and destruction of trees on non-Federal lands suffering from the Dutch elm disease are not in force, provided such removal and destruction are deemed essential or appropriate for the carrying on of the control program, nor until a sum or sums at least equal to such expenditures shall have been appropriated, subscribed, or contributed by State, county, or local authorities, or by individuals, or by organizations concerned: Provided, however, That expenditures incurred for removal of trees infected with Dutch elm disease from non-Federal lands shall not be considered a part of such appropriations, subscriptions, or contributions: Provided further, That no part of this appropriation shall be expended for the removal and destruction of trees

infected with the Dutch elm disease except where such trees are located on property owned or controlled by the Government of the United States, or on property included within local experimental control areas.

This change proposes new language in accordance with the proposed transfer in the estimates to this item of the activities relating to Dutch elm disease previously carried under "Salaries and expenses, Entomology and Plant Quarantine, Agricultural Research Administration, insect and plant disease control." This change will not affect, in any way, the scope or character of the work performed.

ITEMIZATION OF ESTIMATES

Appropriation: Dutch Elm Disease

Funds Available for Obligation

Item	Estimate, 1948	Budget Estimates, 1949	Increase(+) or decrease(-)
Appropriation or estimate	- -	$101,800	+$101,800
Comparative transfer from "Salaries and expenses, Entomology and Plant Quarantine, Agricultural Research Administration," insect and plant disease control	$101.800	- -	- 101,800
Total obligations	101,800	101,800	- -

Obligations by Objects

Standard Classification

01	Personal services	$83,400	$83,400	- -
02	Travel	2,200	2,200	- -
03	Transportation of things	1,000	1,000	- -
04	Communication services	300	300	- -
05	Rents and utility services	3,200	3,200	- -
07	Other contractual services	500	500	- -
08	Supplies and materials	9,700	9,700	- -
09	Equipment	1,500	1,500	- -
	Total available (exclusive of reimbursements)	101,800	101,800	- -

STATUS OF PROGRAM

This item provides for continuing, under the direction of the Bureau of Entomology and Plant Quarantine, the current program on the Dutch elm disease. These activities include the laboratory and related work to identify the disease organism to definitely determine if trees are infected with the disease and carrying out field tests to determine and develop means of protecting high value trees from the disease.

Current Activities: - Tests on effectiveness of DDT formulations: Personnel, equipment, and materials were employed in seven small plots to test the effectiveness of newly developed formulations of DDT in the control of the elm bark beetle carriers of the Dutch elm disease. A one percent DDT emulsion was applied to 866 elms in May, and 185 trees were sprayed with a two percent emulsion in the same month. About 360 of the same elms were sprayed with a one percent emulsion in June, and 860 were sprayed with the same formulation in July. Twig samples were taken from the tops of 10% of the sprayed trees. These twigs were exposed to bark beetle feeding as a means of learning something of the deposit and retention of DDT on the sprayed elms.

Tests on practicability of DDT spraying as a community-wide control measure: In lieu of the destruction of diseased and bark beetle infested material as practiced for three years, spraying with DDT on a community-wide basis was inaugurated in Morristown and Princeton, N. J. State, municipal and private agencies cooperated on this demonstration work. Because of the work stoppage in June and July, only the second phase of a season's control work could be accomplished. In Princeton, the high value elms on public and private properties were sprayed. One thousand elms were sprayed with a one percent emulsion, and 1,100 elms were sprayed with a two percent emulsion. This year in the Morristown plot, the healthy elms were not protected by a coating of DDT. Instead, only the diseased and bark beetle infested elms and cut elm material were sprayed.

Laboratory identification of Dutch elm disease suspects: When the culturing of Dutch elm disease suspect material was suspended in May, there were 10,000 cultures in incubation, and these were examined in a limited manner in June and July. The diagnosis laboratory was reopened in August to culture specimens submitted by State and municipal agencies doing Dutch elm disease control work, and by arborists and private property owners. Cultures were also made of specimens collected from the test plots. Specimens came from 11 Dutch elm disease infected states and the District of Columbia, and from nine noninfected states. From these sources, 1,542 specimens have been received in four months (August through November), and the Dutch elm disease fungus has been identified in 886 trees. From 3 to 40 cultures were made of each set of specimens.

Recent Progress. Inasmuch as the current programs, in most respects, have been in operation only since August, 1947, only trends in results can be reported.

1. Status of tests of DDT: It has been fully established that DDT in heavy dosages will kill bark beetle carriers of the Dutch elm disease. There are many obstacles in the way of getting sufficient DDT on all parts of large elms. More experience is needed on spray formulations, techniques of application, tolerance of plant materials to components of the formulation, and the effects of weathering before practical and effective control measures can be recommended.

2. Improvements in identification laboratory work: Constant attention to variations in the growth characteristics of *Ceratostomella ulmi* has demonstrated fully the necessity of considering all of the many variants of the organisms if all *C. ulmi* encountered in the laboratory is positively identified. Such studies on strains of *C. ulmi* have led to the detection of two sexual strains of the fungus at one location in Connecticut and in one tree in New Jersey. The effects of the presence of perithecial fruiting bodies, previously unknown in nature in the United States, on disease severity and intensity have not been determined.

3. Conditions in generally-infected areas: On the basis of general observations and reports from local agencies, the Dutch elm disease increased in intensity in areas in Connecticut, New Jersey, New York, Pennsylvania and Ohio. Several towns in Connecticut and New Jersey are burdened with the high cost of removing hundreds of dead elms along streets to prevent personal and property damage.

4. Dutch elm disease in Washington, D. C.: The finding of a Dutch elm diseased tree in the District of Columbia, and evidences of more infected trees in nearby Maryland, establish the fact that the most concentrated elm values in the United States are in immediate danger.

PASSENGER MOTOR VEHICLES AND AIRCRAFT

Passenger Vehicles

Control of Forest Pests: It is proposed to purchase 24 passenger cars in 1949, 22 of which will be replacements for vehicles which have been in use for a number of years and as of June 1947 had an average mileage in excess of 90,000. It is anticipated that by Fiscal year 1949 many of these vehicles will have reached the point where they can no longer be operated with safety.

The two additional vehicles are for use by the Department of the Interior supervisory and technical personnel on lands under the jurisdiction of that Department, and are to be headquartered at San Francisco, California.

Airplanes

Control of Forest Pests: The estimates contemplate the purchase of two airplanes under the Gypsy and Brown-tail Moth item to intensify federal-state cooperative efforts to eradicate or control insect infestations. In several cases the use of aircraft has been shown to be extremely effective.

TUSSOCK MOTH CONTROL

The First Deficiency Appropriation Act, 1947, appropriated $395,000 for tussock moth control during the fiscal year 1947, the funds to remain available until December 31, 1947. This appropriation was made necessary by a serious infestation of Douglas fir tussock moth killing merchantable timber and young forest growth on an estimated 350,000 acres centering in northern Idaho.

Remarkably good results were obtained from a large cooperative project conducted during the spring and summer of 1947 through the efforts of the Bureau of Entomology and Plant Quarantine, the Forest Service, and state and private land owners to control the fir tussock moth on 413,469 acres in Idaho, Washington, and Oregon.

An outbreak of tussock moth threatened timber having a value estimated at $60,000,000. The tussock moth control project, an aerial spraying job, included the treatment of 413,469 acres, principally in Idaho, with minor acreages in Oregon and Washington. The total cost of the project will be approximately $680,000 of which the State of Idaho contributed $210,000 and private landowners $75,000. The spraying was completed on July 2, 1947 and upon field checking, no living caterpillars were found on any portion of the sprayed areas which were sampled. Checks were also made which disclosed that adverse effect of the spray upon fish and animal life was negligible.

A statement of obligations follows:

PROJECT STATEMENT

Project	1947	1948 (estimated)
Tussock Moth Control		
Allotment to:		
Entomology and Plant Quarantine	$5,665	$9,335
Forest Service	350,048	29,952
Total available	355,713	39,287

CHANGE IN LANGUAGE

The estimates include proposed deletion of the language for this item (deleted matter enclosed with brackets):

[For expenses necessary to enable the Secretary of Agriculture to carry out operations, independently or in cooperation with State agencies, associations, organizations, or individuals, to combat an outbreak of tussock moth, fiscal year 1947, $395,000, to remain available until December 31, 1947: Provided, That no part of this appropriation may be used to pay the cost of property injured or destroyed.]

This change proposes deletion of the language provided in the First Deficiency Appropriation Act, 1947 for tussock moth control. The project has been completed and retention of the language is no longer necessary.

ITEMIZATION OF ESTIMATES

Appropriation: Tussock Moth Control, Bureau of Entomology and and Plant Quarantine

Funds Available for Obligation

Item	Estimate, 1948	Budget Estimates, 1949	Increase(+) or Decrease(-)
Appropriation or estimate	--	--	--
Prior year balance available	$9,335	--	-$9,335
Total obligations	9,335	--	- 9,335
Obligation by Objects			
Standard Classification			
01 Personal services	$5,936	--	- $5,936
02 Travel	2,155	--	- 2,155
03 Transportation of things	25	--	- 25
04 Communication services	60	--	- 60
07 Other contractual services	774	--	- 774
08 Supplies and materials	385	--	- 385
Grand total obligations	9,335	--	- 9,335

ITEMIZATION OF ESTIMATES

Appropriation: Tussock Moth Control (Allotted to Forest Service)

Funds Available for Obligation

Item	Estimate, 1948	Budget Estimates, 1949	Increase(+) or Decrease(-)
Appropriation or estimate	--	--	--
Prior year balance available	$29,952	--	-$29,952
Total obligations	29,952	--	29,952
Obligation by Objects			
Standard Classification			
01 Personal services	$7,570	--	- $7,570
02 Travel	400	--	- 400
03 Transportation of things	2,000	--	- 2,000
04 Communication services	50	--	- 50
05 Rents and utility services	1,750	--	- 1,750
07 Other contractual services	13,182	--	- 13,182
08 Supplies and materials	5,000	--	- 5,000
Grand total obligations	29,952	--	29,952

FOREST SERVICE

Summary of Appropriations, 1948 and Estimates, 1949

Item	Appropriations, 1948	Budget estimates, 1949	Increase (+) or decrease (-)
Salaries and expenses:			
General administrative expenses	$650,000	$650,000	- -
National forest protection and management	a/23,914,175	25,064,000	+$1,149,825
Fighting forest fires	100,000	100,000	- -
Forest and range management investigations	2,475,000	2,565,000	+90,000
Forest products	1,250,000	1,250,000	- -
Forest resources investigations	822,000	822,000	- -
Total, salaries and expenses	29,211,175	30,451,000	+1,239,825
Forest fire cooperation	9,000,000	9,000,000	- -
Farm and other private forestry cooperation	809,500	809,500	- -
Acquisition of lands for national forests	750,000	500,000	-250,000
Acquisition of lands from national forest receipts	142,000	142,000	- -
Payments to States and territories from national forest fund (permanent)	4,548,000	4,548,000	- -
Payments to school funds, Arizona and New Mexico, national forest fund (permanent)	49,217	49,217	- -
Roads and trails for States, national forest fund (permanent)	1,819,200	1,819,200	- -
Forest roads and trails:			
Forest highways	5,300,000	5,300,000	- -
Forest development roads	11,000,000	9,750,000	-1,250,000
Total, forest roads and trails	16,300,000	15,050,000	-1,250,000
Total	62,629,092	62,368,917	-260,175
Deduct permanent appropriations (shown in detail above)	-6,416,417	-6,416,417	- -
Total, direct annual appropriation	56,212,675	55,952,500	-260,175

a/ Excludes $100,716 proposed transfer in the estimates to "Control of Forest Pests, Department of Agriculture".

FOREST SERVICE
Salaries and Expenses

(a) Preamble

The estimates include proposed changes in the language of this item as follows (new language underscored, deleted matter enclosed with brackets):

> * * *, not to exceed $10,000 for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (5 U.S.C.574); as amended by section 15 of August 2, 1946 ([Public Law 600] 5 U.S.C. 55a [, and the replacement of one passenger motor vehicle in the District of Columbia];

The first change in language is for the sole purpose of substituting the U. S. Code citation for the Public Law reference to the Act of August 2, 1946.

The second change deletes authority no longer required for the replacement of one passenger motor vehicle in the District of Columbia.

(b) General Administrative Expenses

Appropriation Act, 1948	$650,000
Budget estimate, 1949	650,000
Change, 1949	- -

PROJECT STATEMENT

Project	1947	1948 (estimated)	1949 (estimated)
1. General administration and business services	$680,296	$650,000	$650,000
Unobligated balance	1,704	- -	- -
Total available	682,000	650,000	650,000
Transferred from "Control of forest pests, Department of Agriculture", white pine blister rust (for Pay Act Costs)	-72,000	- -	- -
Total appropriation or estimate	610,000	650,000	650,000

ITEMIZATION OF ESTIMATES

Appropriation: General Administrative Expenses

Funds Available for Obligation

Item	Estimate, 1948	Estimates, 1949	Increase (+) or decrease (-)
Appropriation or estimate	$650,000	$650,000	- -
Reimbursements for services performed	25,000	25,000	- -
Total obligations (inclusive of reimbursements)	675,000	675,000	- -
Obligations by Objects			
Standard Classification			
01 Personal services	$620,000	$620,101	+$101
02 Travel	20,000	20,000	- -
03 Transportation of things	3,000	3,000	- -
04 Communication services	13,000	13,000	- -
05 Rents and utility services	200	200	- -
07 Other contractual services	2,000	2,000	- -
08 Supplies and materials	15,800	15,800	- -
09 Equipment	1,000	899	-101
Grand total obligations	675,000	675,000	- -
Reimbursement for services performed	-25,000	-25,000	
Total available (exclusive of reimbursements)	650,000	650,000	

WORK UNDER THIS APPROPRIATION

This appropriation provides for the leadership, coordination, planning and control of the program of work of the Forest Service. It provides also for the service and facilitating operations which are necessary in the central office relating to finance and fiscal control, personnel management, information and education, business management, procurement, and drafting, as well as for the necessary inspection and audit of field operations.

The Forest Service has three major responsibilities. They are:

1. The protection, management, development and utilization of almost 180,000,000 acres of land in the national forests, equivalent to approximately 10 percent of the area of the continental United States.

2. The promotion of good forest practices, including the protection of forests, on the 439,000,000 acres of state and private forest lands.

3. Forest and range research for all forest and open range lands.

The primary function of the Forest Service is to carry out the responsibility of the Federal Government in working out solutions of the Nation's forestry problems.

On the national forests this means direct technical management for the production of timber, forage for range livestock, water, wildlife, and recreation. It means the protection of public and intermingled private lands from fire and tree diseases, as well as the integration of the management of all forest resources, in order that they will contribute as fully as possible to economic and social betterment. It means, in short, the administration of the national forests in the broadest public interest and the demonstration of proper forest and related land management.

On the privately owned forest lands, which in major part are being badly handled from a national point of view, it means education, leadership, planning, and coordination of technical information. It means cooperation with the states and private agencies in protection against fire, in forest planting, and in obtaining improved forest management practices.

The attainment of these objectives requires the conduct of a large amount of research in all phases of forestry and range management, both independently and in cooperation with other technical and with industrial agencies. Research in the technique of protecting, improving, and utilizing the forest and range resources and in the profitable use of land for forestry and grazing is essential to success in the management of forest and range lands.

Operating in three broad fields of activity, through its many field and cooperators' offices, the Forest Service is confronted with a complex and unusually difficult general administrative problem. There are approximately 1,000 field offices of the Forest Service, the majority of which are "one-man offices," where the opportunities for personal contacts with other employees are infrequent. The large number of appropriations under which programs are conducted adds to the complexity of financial management. In recent years there have been 18 regular appropriations and as high as 50 "working fund" advances from other agencies to finance work performed for them. Under these conditions there must be a constant flow of information and instructions from the central office to the field on policy and other matters. There must also be frequent inspection of all operations by representatives of the central office. Coordination of programs both through written instructions and field inspection is an extremely important function of the Chief's office. Because of its numerous fields of responsibility and resulting activity throughout the forested sections of all the states and territories, the Forest Service organization is of necessity, as well as a result of thorough study, test, and deliberate choice, very thoroughly decentralized.

The work of the Forest Service is closely allied with that of many other Government agencies, particularly the Soil Conservation Service; Bureau of Entomology and Plant Quarantine; Bureau of Plant Industry, Soils and Agricultural Engineering; Bureau of Agricultural and Industrial Chemistry; Bureau of Agricultural Economics, Public Roads Administration; Fish and Wildlife Service; the Bureau of Land Management of the Department of Interior; The National Park Service; State Agricultural Experiment Stations; 40 State forestry organizations; etc.

(c) National Forest Protection and Management

Appropriation Act, 1948	$24,014,891
Proposed transfer in 1949 estimates to "Control of Forest Pests, Department of Agriculture"	-100,716
Total available, 1948	23,914,175
Budget estimate, 1949	25,064,000
Increase, 1949	+1,149,825

SUMMARY OF INCREASES, 1949

To provide additional funds for maintenance of improvements on the national forests, such as lookout towers, buildings, etc., to prevent excessive deterioration	+$100,000
To strengthen fire control work by providing, in part, for increased operating costs	+200,000
To provide for administering a steadily expanding timber sales business.....	+599,825
To strengthen range management and provide additional range improvements on national forest lands	+250,000

PROJECT STATEMENT

Project	1947	1948 (estimated)	1949 (estimated)	Increase or decrease
1. Forest rangers and other related employees, engaged in management, operation, protection, and regulation of national forest properties ...	$7,000,461	$6,832,169	$6,832,169	--
2. Maintenance of improvements other than roads and trails (includes telephone lines, fences, lookout towers and observatories, fire breaks, offices, barns, garages, dwellings, outhouses, water developments, pipe lines, public campgrounds, landing fields, etc..	2,655,725	2,575,276	2,675,276	+$100,000(1)
3. Forest fire control, including prevention of fires and maintenance of a detection and "smoke-chaser" organization.	6,741,938	7,144,877	7,344,877	+200,000(2)

Project	1947	1948 (estimated)	1949 (estimated)	Increase or decrease
4. Timber and forest products sales, timber surveys, management plans, timber stand improvement, and free and administrative timber use	3,642,427	3,315,166	3,914,991	+599,825(3)
5. Allocation and issuance of grazing permits, supervision of range use by domestic livestock, range surveys, and range management plans on national forests	770,147	794,428	1,044,428	+250,000(4)
6. Protection of the wildlife resources, preservation of forest conditions conducive to the propagation of wildlife, reduction in number of game animals in overstocked areas, wildlife surveys, and management plans ..	174,164	- -	- -	- -
7. Enforcement of sanitary laws, garbage disposal, policing, and other requisite measures for safeguarding health and safety of national forest users	527,113	541,640	541,640	- -
8. Land-use management on national forests, including rental of lands, land classification; action on claims entered under public land laws; location and posting of national forest boundaries; general surveys, plans and maps; aerial photography, land exchange	694,304	600,000	600,000	- -

Project	1947	1948 (estimated)	1949 (estimated)	Increase or decrease
9. Protection, development, and management of the water resources of the national forests	56,709	44,711	44,711	- -
10. Construction of improvements other than roads and trails (includes telephone lines, fences, lookout towers and observatories, fire breaks, offices, barns, garages, dwellings, outhouses, water developments, pipe lines, public campgrounds, landing fields, etc.)	185,012	186,000	186,000	- -
11. Reforestation and revegetation of denuded national forest areas including plantation care	1,710,948	1,869,908	1,869,908	- -
Unobligated balance	97,627	- -	- -	- -
Total available	24,256,575	23,904,175	25,054,000	+1,149,825
Transferred to:				
"Printing and binding, Department of Agriculture"	+15,800	+10,000	+10,000	
"Salaries and expenses, Office of Information, Department of Agriculture"	+3,499	- -	- -	
Transfer in 1949 estimates to "Control of Forest Pests, Department of Agriculture"	+100,126	+100,716	- -	
Transferred from:				
"Control of Forest Pests, Department of Agriculture", white pine blister rust control (for Pay Act Costs)	-308,000	- -	- -	
"Exportation and domestic consumption of agricultural commodities, Department of				

	1947	1948 (estimated)	1949 (estimated)	Increase or decrease
Agriculture" (for Pay Act Costs)	-1,872,000	- -	- -	
"Acquisition of lands for national forests, Department of Agriculture"	-410,000	- -	- -	
Total appropriation or estimate	21,786,000	24,014,891	25,064,000	

INCREASES

The increase of $1,149,825 in this item consists of the following:

(1) An increase of $100,000 under project 2 to provide additional funds for maintenance of improvements on the national forests, such as lookout towers, buildings, etc., to prevent excessive deterioration.

The Problem: The result of five years of inadequate appropriations since the discontinuance of the Civilian Conservation Corps, has been an increasingly excessive deterioration of the overall investment, and the building up of an abnormally high deferred maintenance and replacement job. At the same time the increasing average age of the improvements together with much lower purchasing value of the dollar have widened the gap between available funds and the amount necessary to maintain the improvements to a minimum acceptable standard. Adequate current maintenance of National Forest improvements would require approximately $4,000,000 annually; thus the present fund available is far short of needs.

Significance: There is approximately $111,000,000 in improvement investment on the National Forests. (Their replacement value would, of course, be much greater.) Practically all of these improvements are over five years of age, approximately sixty percent are older than ten years, and many are over thirty years of age. The seriousness of the maintenance problem has been growing each year with the build-up in deferred maintenance and increasing normal maintenance costs. This deferred maintenance now amounts to several million dollars more than the present annual maintenance project total in this appropriation.

Many fire towers are unsafe and the choice is between taking a chance with the safety of men or with fire. The same lack of proper maintenance of the telephone system of 61,000 miles so necessary for forest fire communication; of the dwellings and cabins used by timber sale and fire personnel for those essential activities; of range fences and corrals; of recreation improvements; and of the many other improvement classes, all add up to a critical need for increased maintenance funds.

A tabulation listing National Forest improvements in existence at the present time, together with estimated annual cost of maintenance is given below:

	No. of Units (Miles or No.)	Unit Costs	Total Cost of Maintenance
Telephone lines	61,433	$12.72	$781,428
Fire breaks	5,109	80.61	411,836
Airplane landing fields	63	331.90	20,910
Lookout houses, towers, and observatories	2,944	77.25	227,424
Pump sets	530	25.62	13,578
Dwellings, headquarters	1,038	184.75	191,770
Dwellings, temporary stations	2,283	75.33	171,978
Offices, all	732	101 25	74,115
Barns, garages, and warehouses	2,381	66.45	158,217
Fences, headquarters	1,141	52.02	59,355
Fences, temporary stations and plantation	2,834	17.72	49,935
Water development projects, headquarters	1,191	48.09	57,275
Water development projects, temp. stations	928	22.35	20,740
Gas and oil storage	103	53.14	5,473
Sanitary systems	2,263	20.22	45,758
Light, power, and central heating plants	208	62.26	12,950
Bunk houses, barracks, etc.	673	78.50	52,830
Other improvements, headquarters	3,098	24.55	76,056
Other improvements, temporary stations.	3,752	9.03	33,881
Range fences and corrals	22,804	16.81	383,335
Stock driveways, range (includes bridges)	6,292	9.61	60,466
Water developments, range	13,282	12.87	170,940
Camp grounds, public service	3,629	123.45	448,000
Camp ground buildings	5,469	37.81	206,783
Water systems, camp grounds	4,502	15.42	69,420
Dams, all types	261	145.27	37,915
Special use facility areas	584	24.80	14,483
Other improvements, miscellaneous	- -	- -	161,857
TOTAL			$4,018,708

(2) An increase of $200,000 under project 3 to strengthen fire control work by providing, in part, for increased operating costs.

Need for Increase: Forest fires may start and spread on any day of the week and at any hour of the day. They are particularly troublesome on week-ends and on holidays. They set the requirements for fire fighting duties in a forest fire control organization. For that reason the passage of the Federal Employees Pay Act of 1945 establishing the 40-hour week and prescribing hours of duty has seriously penalized the forest fire control allocation to which it applies. Without a corresponding increase of funds, the potential effect is that of weakening the strength of the fire control organization by two-sevenths. Every feasible administrative measure that can help to reconcile the law with the requirements set by natural forces, has already been applied. Through such measures the increased costs of hiring alternates for all key fire positions or of paying the incumbents at time and one-half rates has been held to approximately $1,000,000. Even such an increase has been particularly serious, because of the increasing cost of maintaining a fire organization already imposed by rising prices and wages.

In 1948 this problem was partially resolved through an increase of $300,000. The $200,000 increase now proposed together with the 1948 increase will serve to restore 50% of the deficit that now exists from this cause.

(3) An increase of $599,875 under the timber sales project to provide for administering the timber and products sales business anticipated in Fiscal Year 1949 and to perform work necessary to prepare timber cutting areas for sale.

Need for Increase: The urgent nation-wide need for lumber, pulpwood, and other forest products continues. Private stumpage supplies, particularly in the high quality group, continue to decrease with a consequent increase in demand for national forest stumpage. The cut in F. Y. 1947 was 3,834,588,000 bd. ft., an increase of 41% over the previous year, and more than 500 million feet more than in F. Y. 1944, the previous record high year. The cut in the first quarter of F. Y. 1948 was slightly larger than for the corresponding quarter of F. Y. 1947.

Increased demand for national forest timber is also reflected by rising average value of timber cut. In F. Y. 1947 the average value was $4.28 per MBM; in the first quarter of F. Y. 1948, $4.82. An average value of $5.00 per MBM is expected for the total cut in F.Y. 1948. Total value of timber cut was $16,400,000 in F.Y. 1947, and is expected to be $20,000,000 in F. Y. 1949.

In F. Y. 1947, a total of $3,681,616 was available for the timber use project. $410,000 of this amount was provided in a deficiency appropriation for the purpose of increasing the national forest timber cut from 3.5 to 3.9 billion feet. The deficiency appropriation was effective May 1, 1947, approximately one month later than anticipated at the time the deficiency estimate was prepared. nevertheless, a cut of 335 million feet more than the 3.5 billion foot cut estimate for F. Y. 1947 was attained.

For F. Y. 1948 funds appropriated are sufficient to maintain a cut of only 3.5 billion feet. The requested increase of $600,000 for F. Y. 1949 will permit the Forest Service to expand the timber cut to 4 billion feet. The additional cut of 500 million feet resulting from this increase is estimated to have an average value of $5.00 per M board feet, or a total value of $2,500,000.

Plan of Work: The requested $599,825 increase will be expended for salaries and related expenses for timber sale administration, inventories for timber sales and sales preparation. Timber sale administration, including marking timber to be cut, scaling and supervision of sales, will require $349,825. $150,000 will be used for inventories of timber to be sold and $100,000 will be used for the preparation of sales, including the appraisal of the timber, drawing up the contract, advertising, and award and execution of the final contract.

(4) An increase of $250,000 under project 5 to employ additional administrative and technical personnel required in the management of over 80 million acres of grazing land, and to provide additional range improvements to facilitate the management of stock on National Forest ranges.

About one-half of the 10,000 range allotments on the National Forests are in immediate need of remedial action to avoid further depletion. Inadequate man-power and related facilities to prepare plans, inspect and supervise range use, and insufficient range-use facilities to control and distribute livestock uniformly over the ranges have been major factors in range depletion.

Fences for controlling and distributing livestock over the range, water developments to make new areas available and relieve overgrazed areas, are examples of facilities needed to protect and sustain grazing capacities.

CHANGE IN LANGUAGE

The following language has been eliminated in this item in the 1949 estimates:

[control of destructive forest tree diseases and insects;]

This proviso has been eliminated from the National Forest Protection and Management appropriation item due to the proposed establishment of a new appropriation item "Control of Forest Pests", to carry out the Forest Pest Control Act of June 25, 1947. The estimates propose the transfer of the $100,716 carried heretofore in the National Forest appropriation for insect control work to the new appropriation. The elimination of the above language will not prohibit forest rangers, forest supervisors and other National Forest employees from carrying on such activities as reporting incipient insect and disease epidemics, supervising insect and disease control projects on their units, minor insect and tree disease control work incident to their other duties.

ITEMIZATION OF ESTIMATES

Appropriation: National Forest Protection and Management

Funds Available for Obligation

Item	Estimate, 1948	Budget Estimates, 1949	Increase(+) or Decrease(-)
Appropriation or estimate	$24,014,891	$25,064,000	+$1,049,109
Transferred to "Printing and Binding, Department of Agriculture"	- 10,000	-10,000	- -
Reimbursements for services performed	4,925,484	4,925,484	- -
Payments received from non-Federal sources	92,577	92,577	- -
Total available for obligation	29,022,952	30,072,061	+ 1,049,109
Comparative transfer to "Control of Forest Pests, Department of Agriculture"	-100,716	- -	+ 100,716
Total obligations (inclusive of reimbursements)	28,922,236	30,072,061	+1,149,825

Obligations by Objects

Standard Classification			
01 Personal Services	$20,832,836	$21,945,614	+$1,112,778
02 Travel	600,000	644,267	+ 44,267
03 Transportation of Things	272,000	273,000	+ 1,000
04 Communication services	184,000	186,000	+ 2,000
05 Rents and utility services	439,000	440,000	+ 1,000
07 Other contractual services	664,000	670,000	+ 6,000
08 Supplies and materials	3,566,100	3,539,880	- 26,220
09 Equipment	2,358,000	2,367,000	+ 9,000
10 Lands and structures	6,000	6,000	- -
13 Refunds, awards, and indemnities	300	300	- -
Grand total obligations	28,922,236	30,072,061	+ 1,149,825
Reimbursement for services performed	4,925,484	4,925,484	- -
Payments received from non-Federal sources	92,577	92,577	- -
Total available (exclusive of reimbursements)	23,904,175	25,054,000	- -

STATUS OF PROGRAM

Current Activities: The purpose of the program is to manage, protect and develop the national forests in all phases not covered by specific appropriations, and insure that timber, water, range, recreation, wildlife and other resources are utilized in a manner which will best serve the nation as a whole.

The economic importance of the national forests will be realized when it is considered that:

(a) They provide a measure of assurance for a future timber supply. The rapid depletion of timber on private lands causes the national forests to assume increased importance as a source of timber. In 1949, it is estimated that 4,000,000,000 feet out of an estimated allowable annual cut of 6,000,000,000 feet will be removed from the national forests. This is 10 percent of the annual lumber production in the United States.

(b) The area within the national forest boundaries is equivalent to some 10 percent of the area of the continental United States.

(c) In addition to the services rendered, the national forests produce a cash income to the Federal treasury, estimated in Fiscal Year 1948 in excess of 20 million dollars.

(d) They provide range for more than 10,000,000 head of domestic livestock.

(e) They provide watershed protection of municipal water supplies for nearly all western cities and towns and many in the east, as well as water supplies which are immensely valuable to agriculture and power developments.

(f) They provide a habitat for a large part of the big game animals, birds, and for millions of small game animals and furbearers.

(g) They provide opportunities for healthful outdoor recreation, with a minimum of restrictions, for the millions of people who yearly visit the national forests.

(h) Nearly 4,000,000 people who live in and near the national forests are supported in whole or in part through the management and utilization of the forests and their resources.

National forest boundaries encompass an aggregate area of 228 million acres reaching geographically into 40 states, Alaska, and Puerto Rico, of which 180,264,000 acres are under Forest Service administration. Many tracts of privately owned lands are interspersed within the Federal holdings.

National forests are managed under the multiple use principle with practically all areas used for, or serving, more than one purpose or objective. For example, 50 percent of the area within the national forests of the continental United States serves five different purposes: (1) timber production, (2) watershed protection, (3) forage production, (4) wildlife production, and (5) recreation. An additional 28 percent serves four purposes in varying combinations. Of the remainder, 21 percent of the total serves three purposes with only 1 percent of the total reserved for one purpose exclusively, mainly campgrounds and special use areas such as summer home sites, pastures, corrals, etc.

The varied interests which continually conflict and which must be reconciled, the vast areas covered and the unusual complexities, clearly demonstrate the necessity of careful planning in the management of the national forest properties.

The protection of national forests from fire and trespass is made difficult by the large area to be protected, the general inaccessibility of the national forests, the many thousands of miles of exterior boundary, and the impossibility of taking preventive action when dealing with such a problem as lightning caused fires (4,432 in the first 11 months of the calendar year 1947).

Selected examples of recent progress.

Fire Control. The fire season of the calendar year 1947 was, on the average, more severe than usual. This was particularly true of conditions in California, Idaho, Alaska, Arizona and New Mexico in the West, and in the New England states in the East. Since the 1947 season has not been completed at the time this is written, the following comparisons are listed for the first 11 months of the 1947 and 1946 seasons.

	1946	1947
No. of lightning fires.....	5,119	4,432
No. of man-caused fires.....	6,370	6,508
Total number.....	11,489	10,940
No. of fires exceeding 10 acres in size.....	1,751	1,839
Area National Forest land burned over.....	148,849 acres	180,826 acres

The reduction in the number of lightning fires and total number of fires in 1947 is largely due to favorable fire conditions in Oregon and Washington. Outside of these two states the number of fires in 1946 and 1947 were almost the same. The increase in the number of fires which exceeded 10 acres in size, and the increase in the area

of National Forest land burned over in 1947, are indications of the greater severity of the 1947 season. Even so, area of National Forest land burned over was held to 1/10 of one percent of the net area.

Timber sales. The volume of timber cut from the National Forests in the fiscal year 1947 increased 40 percent over the volume cut in the fiscal year 1946. Up to the date this statement is written, the volume of timber cut in the fiscal year 1948 is running slightly ahead of the volume cut during the comparable period of the fiscal year 1947 - in which year an all time record was established for both volume and value of timber cut. The following table compares certain timber statistics for the fiscal years 1947 and 1946.

	F.Y. 1946	F.Y. 1947
No. of sales.....	24,778	27,469
Cut in board feet.....	2,729,708,000	3,834,588,000
Value of timber cut.....	$11,490,318	$16,399,890
Percent actual cut against:		
(1) Maximum allowable cut of 6 billion board feet.....	45.5	63.9
(2) National production.	9.6 (Est.)	10.5 (Est.)

Grazing use. The most pressing problem, in the management of the 80,000,000 acres of National Forest lands which are used for grazing of domestic stock, is to bring the number of stock into balance with the carrying capacity of the range. On most areas this means reducing the number of stock now on the range. Progress has been made during the year in changing stocking and management practices, despite widespread pressure against such action.

The number of stock under permit was reduced from 5,189,550 in the calendar year 1945 to 5,032,663 in the calendar year 1946. While the number of stock under permit was reduced by 3 percent, receipts in the calendar year 1946 declined only 1 percent (from $2,073,347 to $2,054,999) because of slightly higher fees charged in that year as compared with 1945. A further reduction in number of stock has been made in calendar year 1947, but receipts will increase by more than 10 percent to approximately $2,250,000, because of a substantial increase in grazing fees.

Recreation use. Public use of the 5,000 improved recreation areas on the national forests increased from approximately 5,000,000 visits in calendar year 1945, to more than 8-3/4 million visits in 1946. Other

areas received 9-1/2 million visits for hunting, fishing, hiking, vacationing, etc. Total use in calendar year 1946 was 18-1/4 million visits.

Practically no new recreation areas have been established since the beginning of the war. Recreation use in the calendar year 1947 will show an increase over 1946, although the exact figures will not become known until some time after the close of the year.

Maintenance of improvements. Total estimated cost of maintaining existing improvements on the National Forests (exclusive of roads and trails) is approximately 4,600,000. Funds available for maintenance in 1947 were $2,675,000. Because of the disparity between the amount required and the amount available, the first step in the annual maintenance program is one of selecting the projects to be maintained and the percentage of complete maintenance that can be performed on each class of improvements. Improvements which are not useable unless maintained, such as telephone lines, fences, lookout towers, etc., must of course be placed at the top of the priority list. The balance remaining is allocated to other classes of improvements in such a way as to minimize deterioration in improvements which is inevitable when maintenance is deferred.

Land exchange. Congress has passed more than 80 laws authorizing the exchange of National Forest land and timber for private lands intermingled with or adjacent to National Forests. During the fiscal year 1947 the Secretary of Agriculture approved 57 exchanges in which the United States will receive 173,145 acres, valued at $1,941,650 and will grant in exchange 6,346 acres of National Forest land valued at $104,613 and stumpage valued at $1,797,887.

Mapping. Only 15 percent of the National Forests are adequately mapped. During the fiscal year 1947 aerial photography was secured for 6,118 square miles, ground control established for 2,400 square miles on 3 projects and maps completed through the manuscript stage for one project covering 2,825 square miles. In 1948 it is proposed to complete ground control on 1 project covering 900 square miles, prepare maps through the manuscript stage on another project covering 1,185 square miles, and to deliver to the reproduction agency all sheets covering 2,825 square miles.

Miscellaneous lands activities. Supervised occupancy of National Forest lands under more than 40,000 special use permits. Issued more than 6,000 new permits and terminated an equivalent number. Collected a total of $583,887 for land uses in 1947.

The mineral functions of the Secretary of Agriculture relating to practically all National Forest lands were transferred to the Secretary of the Interior on July 16, 1946. However, as the responsible land manager, the Department of Agriculture must review each

application, make recommendations, and supply the Department of the Interior with certain information on titles, land descriptions, reservations, etc.

Reforestation. In the fiscal year 1947, 29,822 acres of denuded lands were planted on the National Forests. Development work on two new nurseries was continued. Work on removal of fast-growing competing brush and weeds on young forest plantations was conducted on 17,793 acres of previously planted areas, mainly in the Lake States.

Revegetation. A total of 34,719 acres of depleted range lands was reseeded to grasses and legumes in the fiscal year 1947.

(d) Fighting Forest Fires

Appropriation Act, 1948	$100,000
Budget estimate, 1949	100,000
Change 1949	- -

PROJECT STATEMENT

Project	1947	1948 (estimated)	1949 (estimated)	Increase or decrease
1. Fire suppression	$3,758,703	$5,100,000	$100,000	-$5,000,000
Unobligated balance	228,870	- -	- -	- -
Anticipated fire fighting deficiency	- -	-5,000,000	- -	+ 5,000,000
1947 appropriation obligated in 1946	56,427	- -	- -	- -
Total appropriation or estimate	4,044,000	100,000	100,000	- -

*Includes regular annual fire fighting deficiency appropriation.

1. Fire suppression: This appropriation covers emergency fire control expenditures on the national forests. Administrative restrictions placed upon the use of these funds by the Forest Service provide that expenditures shall not be made therefrom until forest fires have actually started. An exception is made to this rule, however, when fire conditions become so critical that the regular protective organization, which is financed from the appropriation "National forest protection and management," is unable to cope with the situation and when, therefore, the temporary employment of additional guards will clearly reduce expenditures for fire fighting.

(continued on next page)

ITEMIZATION OF ESTIMATES

Appropriation: Fighting Forest Fires

Funds Available for Obligation

Item	Estimate, 1948	Budget Estimates, 1949	Increase (+) or Decrease (-)
Appropriation or estimate	$100,000	$100,000	- -
Supplemental appropriation, tentative estimate	5,000,000	- -	-$5,000,000
Payments received from non-Federal sources	50,000	50,000	- -
Total obligations (inclusive of payments received from non-Federal sources)	5,150,000	150,000	- 5,000,000

Obligations by Objects

Standard Classification			
01 Personal services	$3,357,000	$108,450	-$3,248,550
02 Travel	26,000	700	- 25,300
03 Transportation of things	238,000	6,000	- 232,000
04 Communication services	13,000	300	- 12,700
05 Rents and utility services	50,000	1,000	- 49,000
07 Other contractual services	450,000	7,000	- 443,000
08 Supplies and materials	800,000	23,000	- 777,000
09 Equipment	207,000	3,500	- 203,500
13 Refunds, awards and indemnities	9,000	50	- 8,950
Grand total obligations	5,150,000	150,000	- 5,000,000
Payments received from non-Federal sources	-50,000	-50,000	- -
Excess of obligations over appropriation due to suppression of forest fires	-5,000,000	- -	
Total available (exclusive of payments received from non-Federal sources, and exclusive of anticipated supplemental appropriation)	100,000	100,000	

(e) Forest and Range Management Investigations

Appropriation Act, 1948	$2,475,000
Budget estimate, 1949	2,565,000
Increase, 1949	+90,000

SUMMARY OF INCREASES, 1949

For the establishment of a forest research center in Alaska	50,000
For fire control investigations in order to develop more effective and economical methods of fire control	+40,000

PROJECT STATEMENT

Project	1947	1948 (estimated)	1949 (estimated)	Increase or decrease
1. Experimental forests and ranges	$1,422,262	$1,416,461	$1,466,461	+$50,000(1)
2. Forest management	589,080	455,731	455,731	- -
3. Forest fire control investigations	79,090	81,633	121,633	+40,000(2)
4. Watershed protection and management	91,784	95,960	95,960	- -
5. Range management and reseeding	408,843	425,215	425,215	- -
Unobligated balance	14,941	- -	- -	- -
Total available for obligation	2,606,000	2,475,000	2,565,000	+90,000
Transferred from: "Exportation and domestic consumption of Agricultural commodities, Department of Agriculture, for payact costs	-226,000	- -	- -	
Total appropriation or estimate	2,380,000	2,475,000	2,565,000	

INCREASES

The increase of $90,000 in this item consists of the following:

(1) An increase of $50,000 under the project "Experimental Forests and Ranges" for the establishment of a forest research center in Alaska.

Objective: To determine the methods of cutting and natural regeneration, the rates of growth and the cultural measures necessary to assure the sustained yield management of commercial Alaskan forest types without damage to fishery, water, and wildlife values.

The Problem and Its Significance: The commercial forests of Alaska, almost entirely confined to the Tongass National Forest, contain an estimated 80 billion board feet of timber standing on nearly 5 million acres of land. Recent shortages of paper and other forest products have resulted in a growing interest in new sources of supply. The tremendous timber resources in Alaska promise to provide the basis for a future orderly development of logging and manufacturing centers. The Alaska timber is suited primarily for manufacture into pulp and paper products. In addition there are opportunities for production of substantial amounts of lumber, plywood, shingles, and other minor forest products. It is generally recognized that the most feasible means of early further development of Alaska is through installation of pulp plants in the Territory.

Several large and responsible concerns are actively engaged in planning pulp plants in Alaska. The Forest Service is currently offering for sale two major pulp timber units, each capable of supporting two mills of approximately 500 tons daily capacity.

Permanence of the new industries and their dependent towns and communities will depend upon the successful management of these timber resources. However, no forest research program for Alaska has ever been provided for and basic scientific information that would assure success is lacking. A sound and comprehensive program of forest research is needed to develop methods of cutting that will perpetuate the forest resource. It is also needed to make sure that these methods will not create hazards to fisheries and hydroelectric developments through stimulation of erosion and silting of stream beds.

Plan of Work: A well-balanced staff of research specialists will be located at a suitable headquarters in southeast Alaska. The program of research will be drawn up jointly by the staff of the Regional Forester at Juneau, Alaska, and the Director of the Northwest Forest and Range Experiment Station and representatives of other interested agencies and industries in the territory. Technical phases of the program will be under the direction of the Northwest Forest and Range Experiment Station at Portland, Oregon.

(2) An increase of $40,000 for fire control investigations to develop more effective and economical methods for the protection of forests from fire.

Objective: To discover basic facts and relations needed for effective development and application of improved fire control practices that will give better protection of forest lands at minimum cost.

The Problem and Its Significance: Federal, State, and private expenditures for fire protection exceed $25,000,000 annually. Monetary damages resulting from forest fires are estimated at over $75,000,000 yearly. Rapid improvement in fire control methods is imperative if the large losses to already depleted natural resources are to be

reduced and if the risk of loss by fire, a serious deterrent to the adoption of forest management by private interests, is to be significantly lessened.

For over 40 years since organized protection was first established as a public responsibility in the United States, advances in forest fire control methods have been undergoing progressive development. Some progress has resulted from this long and costly experience. Limited research has contributed appreciably to improvement in methods and the readily apparent and most easily accomplished advances have been made. However, the more difficult technical problems in various aspects of fire control remain unsolved due to lack of basic information on how fires behave, how they respond to different control methods, and how they may be prevented.

There is an ever-growing demand from both public and private sources for answers to these critical problems. Few of these demands can be met satisfactorily with the present research organization.

Plan of Work: Research work will be headed up at regional forest experiment stations located in the most serious fire regions. Existing facilities will be largely used, and work will be done in close cooperation with Federal, State and local fire control agencies. Emphasis will be placed on research in better planning for fire control, the physical and chemical laws of combustion that result in the uncontrollable big fire, methods of prevention, adoption of new mechanical and scientific developments to detection and control of fires and improved methods of damage appraisal.

(Continued on next page)

ITEMIZATION OF ESTIMATES

Appropriation: Forest and Range Management Investigations

Funds Available for Obligation

Item	Estimate, 1948	Budget Estimates, 1949	Increase(+) or Decrease(-)
Appropriation or estimate	$2,475,000	$2,565,000	+$90,000
Reimbursements for services performed	3,000	- -	- 3,000
Payments received from non-Federal sources	48,500	48,000	- 500
Total obligations (inclusive of reimbursements and payments received from non-Federal sources)	$2,526,500	$2,613,000	+$86,500

Obligations by Objects

Standard Classification			
01 Personal services	$2,106,826	$2,182,633	+$75,807
02 Travel	130,897	139,350	+ 8,453
03 Transportation of things	15,240	17,200	+ 1,960
04 Communication services	14,500	15,650	+ 1,150
05 Rents and utility services	40,400	42,780	+ 2,380
07 Other contractual services	31,150	32,550	+ 1,400
08 Supplies and materials	124,737	124,580	- 157
09 Equipment	60,950	58,257	- 2,693
10 Lands and structures	1,800	- -	- 1,800
Grand total obligations	2,526,500	2,613,000	+ 86,500
Reimbursements for services performed	-3,000	- -	
Payments received from non-Federal sources	-48,500	-48,000	
Total available (exclusive of reimbursements and payments received from non-Federal sources)	$2,475,000	$2,565,000	

STATUS OF PROGRAM

Current Activities: All Federal research on the management of forest, range and watershed lands, comprising 54 percent of the area of the country, is carried on under this appropriation. The objective of the work is to perpetuate, sustain, and where possible to increase the production of the renewable resources, timber, forage, and water, from them. Research results are made available throughout the country to the owners of private land and to the managers of public lands. Work under the appropriation is done under 5 projects as follows:

1. Experimental forests and ranges: Work under this project involves integration and testing of the economic and operational efficiency of the most promising methods of forest, range, and watershed management developed under basic research programs. Such applied research, currently being emphasized under this appropriation, is carried on at present on experimental forests and ranges owned or controlled by the Forest Service in 53 of the 80-odd forest and range research provinces recognized in this country.

2. Forest management: The basic biological laws of tree and forest growth and reproduction are studied under this project. Among those now being stressed are: The determination of the number of trees per acre and distribution of tree sizes and classes that produce maximum yield; definition of factors affecting success of artificial reforestation; measurement of the response of trees to cultural measures such as cutting the competing vegetation, pruning and fertilization; tree breeding; and the physiology of gum flow in pines.

3. Fire control: Under this project are studied the basic facts and relationships needed for effective development and application of improved fire control practices. Currently receiving special attention are: The strategy of preparing for fires and of controlling them when they start; development of methods for appraising damage by forest fires; and of methods of rating and predicting weather and forest fuel conditions that determine fire hazards.

4. Watershed protection and management: Continued stress is being placed under this project on the search for principles and methods of watershed management to achieve better water yields and flood and sediment reduction. Current investigations are emphasizing the effects of fire, logging, grazing and other watershed cover disturbances on soil stability and useful water flow, the relative values of pine and hardwood forests in improving soil-water storage capacity for increased ground water supplies, the relative water losses caused by different intensities of plant cover, the improvement of measuring instruments and techniques, and the development and testing of watershed restorative measures.

5. Range management and reseeding: Research under this project seeks to discover and develop, in practical and usable form, improved range management and restoration practices for the public and private range lands in the 11 Western States, the South and Southeast. Currently, emphasis is being given to the development of techniques and practices that will obtain greater value from the forage and produce more meat, hides and wool.

Selected Examples of Recent Progress:

1. Experimental forests and ranges.

The earning capacity of a growing forest depends upon the rate of change in value of the individual trees in it. This value change, in turn, results from growth in volume and improvement in quality. In mixed forests knowledge of value change for different species and classes of growing trees is needed to indicate which ones to cut and which to leave. Studies in the Southern Appalachians enable forest managers to select for cutting the trees earning the least, and to keep for future cutting those currently earning the highest rate of interest.

The high cost of the excessive amount of hand labor required to produce gum naval stores has put this industry at a disadvantage with the producers of synthetic substitutes. The development of a new technique has cut almost in half the cost of chipping, one of the most time-consuming operations. With old methods one man could produce 100 barrels of gum per season. Now, using bark chipping and acid stimulation of gum flow, he can produce 160 barrels. Furthermore the new technique permits each tree to be worked for 3 years longer than was possible under the old method, thus conserving timber for this and other uses. The method is being rapidly adopted by both large and small gum producers.

Timber is a profitable annual crop in well-tended woodlands. Admitted in theory, this is being shown to be true on experimental woodlots in the southern pines, the Lake States, and the Southern Appalachians. Returns vary considerably with the stage of depletion in these woods, ranging from 75 cents to over $4.00 annually per acre. No more wood is sold than grows each year, and because the poorest trees are removed first the quality of the timber is improved by the cuttings and future incomes will be increased. In each of the regions the men who felled, bucked, and hauled the sawlogs, pulpwood and other products earned $1.00 or more per hour for their work, done during the slack winter season. This indicates the earnings that farmers can get in addition to stumpage if they do their own logging.

2. Forest management.

Cutting the big trees in virgin stands and leaving the smaller ones to grow has been advocated in the Pacific Northwest as a way to ease the change from an abundance of old-growth timber to a scarcity of second-growth. Continuous observations on permanent plots show, however, that the method is dangerous since partial cuttings of this kind have resulted in an annual average net loss of over 1,400 board feet per acre in the remaining stands during 5 years following cutting. This loss includes only dead or blown-down trees. Hidden decay in live trees injured during the logging may result in additional loss estimated at 1 percent per year. Clear-cutting in strips or patches with provision for natural seeding from uncut bordering stands holds promise as a better method of converting overmature Douglas-fir forests to youth and vigor, and this policy has been adopted on the national forests and some large industrial holdings.

Early systems of harvesting stands of valuable red pine in the Lake States often failed to bring about natural reproduction of that species. Forty years of experience and experimentation have been summarized in recommendations for reproducing red pine stands and for keeping them vigorous and productive until ready for final harvest and reproduction again. To obtain adequate reproduction, the final harvest should be made not all at once, but in a series of cuttings spaced several years apart and beginning when the stand is maturing rapidly. At the first cut 60 to 100 trees per acre should be left. This number has been found necessary to produce enough seed for adequately restocking a new forest promptly. When the new trees are well established the remaining old trees should be cut to reclaim their value and free the young forest from competition by them.

Careful discrimination is essential if planting abandoned farm land and other waste land to forest trees is to be profitable. Most important is the choice of proper species for the soil and site to be reforested. Then correct methods of planting and tending the trees must be used. Recent careful experiments have resulted in a unique chart that makes it easy to choose the right species for eastern forest areas. This chart and rules for starting and tending plantations based on years of experience have been widely adopted by extension agencies and are soon to appear in a farmers' bulletin.

The effects of controlled fires on the early growth of young longleaf pine are still somewhat obscure and controversial. Results of an experiment designed to compare growth in burned and unburned plantations are therefore timely. Survival in the two 12-year-old plantations was the same, but height growth in the control-burn plantation was far superior to that in the unburned. Prescribed burning under carefully controlled conditions had destroyed the crippling brown-spot needle disease which occurs throughout the longleaf pine belt and allowed for improved growth.

3. Fire control.

In fire control planning, decision on present action depends largely on past experience. Analysis of past fire records provides valuable guides for current and future planning and action. Such analyses were made during the past year in the Northeast, the Central States, and the Northern Rocky Mountain regions. These analyses are used by both Federal and State forest fire organizations in perfecting their fire control plans.

4. Watershed protection and management.

Removal of forest humus and litter has a long-time deleterious effect on surface run-off and erosion. Litter and humus were removed under a dense yellow pine stand in Colorado but left undisturbed in a similar adjacent stand. Following their removal, new material was allowed to accumulate. After 5 years, the forest floor appeared the same under both stands. Nevertheless the originally disturbed area still produced one-third more surface run-off water and lost approximately two and one-half times more soil from the same rainfall as the undisturbed area.

Measurements at the Coweeta Experimental Forest in North Carolina show that the turbidity of water from a watershed undergoing logging averaged over 20 times that from an unlogged basin. Much of the turbidity is due to eroding roads and skid trails. Better control of road erosion would not only improve water quality for domestic and industrial use but also lower the cost of building and maintaining logging roads.

Comparison of water storage in soils under bare and forested condition in the Central Piedmont shows that the combined A and B horizons of the soil under hardwood cover can hold approximately six times more water than bare soil and one and one-half times more than pine-forest soil. These and other findings indicate the superiority of hardwoods over pine for watershed cover.

5. Range management and reseeding.

Cheatgrass, a low-value annual introduced from Europe, has invaded millions of acres of western range lands and now makes up more than half of the vegetative cover on spring ranges in southern Idaho. Competition for soil moisture and nutrients must be overcome before valuable perennial forage species can be successfully reestablished either naturally or by artificial means on these ranges. Several promising methods of overcoming this competition by checking the growth and spread of cheatgrass have been discovered through research. Adoption of these methods by both Federal agencies and private landowners is aiding in the conversion of cheatgrass areas to valuable perennial type ranges.

How to improve the nutritive values of range forage and lengthen the period during which green forage is available on annual type foothill ranges in California, thereby providing fuller use of the range and at the same time lowering the costs of range livestock production, is of vital importance to foothill operators. Research at the San Joaquin Experimental Range has shown that fertilizing the range with gypsum or superphosphate at a cost of $1.50 per acre not only lengthens the green forage period and increases the nutritive qualities of the plants, but increases the amount of forage produced annually by as much as 3,200 pounds per acre. These effects, which collectively mean increased grazing capacity, more than pay for the fertilization and carry through at least two full seasons after the treatment.

(f) Forest Products

Appropriation Act, 1948	$1,250,000
Budget estimate, 1949	1,250,000
Change, 1949	- -

PROJECT STATEMENT

Project	1947	1948 (estimated)	1949 (estimated)
1. Conditioning and protection of wood products	$430,913	$367,900	$367,900
2. Properties, investigations and wood products development	654,389	487,550	487,550
3. Pulp and paper	185,026	181,250	181,250
4. Chemically converted and derived products investigations	266,070	213,300	213,300
Unobligated balance	13,602	- -	- -
Total available for obligation	1,550,000	1,250,000	1,250,000
Transferred from: "Exportation and domestic consumption of agricultural commodities, Department of Agriculture"	155,000	- -	- -
Total appropriation or estimate	1,395,000	1,250,000	1,250,000

CHANGES IN LANGUAGE

The estimates include proposed changes in the language of this item as follows (deleted matter enclosed with brackets):

> Forest products: Experiments, investigations, and tests of forest products under Section 8, at the Forest Products Laboratory, or elsewhere, $1,250,000 [, of which at least $11,050 shall be expended for research in the utilization of waste woods].

The estimates propose the elimination of the clause at the end of the item which requires the expenditure of at least $11,050 for research in the utilization of waste woods.

The Forest Products Laboratory has for many years obligated far more than $11,050 annually for research in the utilization of waste woods. It will continue to do so. The bracketed language is therefore unnecessary, and only adds unnecessarily to accounting and reporting work loads.

ITEMIZATION OF ESTIMATES

Appropriation: Forest Products

Funds Available for Obligation

Item	Estimate, 1948	Budget estimates, 1949	Increase (+) or decrease (-)
Appropriation or estimate	$1,250,000	$1,250,000	- -
Reimbursements for services performed	18,665	18,665	- -
Total obligations (inclusive of reimbursements)	1,268,665	1,268,665	- -
Obligations by Objects			
Standard Classification			
01 Personal services	1,053,337	1,065,346	+$12,009
02 Travel	44,386	44,350	-36
03 Transportation of things	12,568	12,550	-18
04 Communication services	5,565	5,550	-15
05 Rents and utility services	17,702	17,700	-2
07 Other contractual services	18,173	18,150	-23
08 Supplies and materials	58,949	53,019	-5,930
09 Equipment	47,985	42,000	-5,985
10 Lands and structures	10,000	10,000	- -
Grand total obligations	1,268,665	1,268,665	- -
Reimbursement for services performed	-18,665	-18,665	
Total available (exclusive of reimbursements)	1,250,000	1,250,000	

STATUS OF PROGRAM

Current Activities: Research in forest products is directed toward obtaining a more efficient and a more diversified and integrated utilization of the forest crop. It involves studies in the fields of pulp and paper; chemically converted and derived products; seasoning wood products and their protection against weathering, fire, insects and decay; strength of natural and modified wood; timber design; harvesting and mechanical conversion; effect of growth conditions on timber quality and the application of the results to the solution of national, regional and local forest products problems. The following are selected examples of the work now underway:

1. Seasoned wood: One of the methods the Laboratory is using to increase the supply of seasoned wood which is in very short supply, is through instruction courses in kiln drying. The courses are being given at industrial centers and at the Laboratory. Besides aiding in increasing supplies of dry lumber, this effort is being credited by management with materially reducing drying losses. Operators are also being given "on-the-job" assistance in solving their drying problems through the use of two portable steam kilns which can be transported by truck.

2. Boards from sawdust: It has been demonstrated that boards of both the insulating and hardboard types can be made from sawdust and other wood waste by using highly hydrated or gelatinized pulp, processed newsprint, or highly ground waste wood as a binder. The work underway now is directed toward the development of equipment and techniques which will permit the economical production of boards in relatively small plants, so that the waste may be utilized at the mills where it is produced rather than transporting it to large centrally located plants.

3. Molasses from wood: Feeding experiments on stock and poultry are now underway by several State colleges to determine the nutritional value of molasses made from wood. The molasses is being produced at the Forest Products Laboratory by a process which it developed. It consists of converting wood waste to sugar by pressure-cooking with dilute acid and evaporating the resulting sugar solution to molasses. Yields of 100 to 200 gallons of molasses per ton of dry wood are obtained.

4. Timber harvesting equipment: Surveys are being made in various forest regions to determine the progress being made by loggers, equipment concerns and others in developing new and improved equipment and methods for timber harvesting, particularly small-size and low-grade timber. Loose-leaf notes are issued for the information of field agencies and timber operators on new and special equipment considered significant to those outside the territory in which the equipment is found in use.

5. Arctic studies of packaging: Serious deficiencies in present containers and packaging methods under arctic conditions of exposure had been reported by some observers. At the request of the Army, the Laboratory is conducting a study of the problem. Exploratory tests at temperatures as low as 70° below zero (Fahrenheit) indicate that new containers made of wood or fiberboard in conformity with approved specifications can be expected to perform satisfactorily.

Selected Examples of Recent Progress:

1. Housing: To promote better construction techniques an illustrated manual on prefabricated housing was prepared for the Housing and Home Finance Agency. The information included in the manual was based upon research at the Forest Products Laboratory and upon a Nation-wide survey of prefabricated house manufacture. To encourage the use of better nailing practices in the large number of houses and farm buildings that are to be built a bulletin showing the most satisfactory methods of nailing was also prepared for that agency.

2. Liner board from high-yield jack pine: An investigation has shown that a liner board for corrugated fiberboard that meets commercial standards can be produced from high-yield jack pine pulp made from slabs. The standard commercial product is made chiefly from southern pine sulfate pulp produced in yields near 50 percent whereas the jack pine pulp made by the semi-chemical process, a Laboratory development, was produced in yields as high as 77 percent. A commercial mill is to be built for the production of this board. Its cost is expected to be about one-half that of mills using the sulfate process.

3. Small sawmill improvement: A study of small sawmills in Washington, Oregon, North Carolina and Virginia revealed that 32 percent of the mills were unnecessarily wasting material and that 90 percent were using equipment and labor inefficiently. Methods of detecting causes of poor quality of products and their correction were outlined on the job as well as efficient mill layout and operation.

4. Laminated timbers: A manual was prepared on the subject of laminating structural timber products by gluing. It covers the properties of glues suitable for laminating, the techniques of laminating and recommendations for inspecting and testing laminated products.

5. Fire resistance of wallboard: Through a study undertaken for the Insulation Board Institute a face coating developed at the Laboratory was found to increase the resistance to flame spread of wallboards used as interior finishes. A fire performance test for wallboards was also developed. The Institute's request for this study was prompted by their desire to decrease the rate at which fire spreads over wallboards so that it would be more suited for use in general building construction.

(g) Forest Resources Investigations

Appropriation Act, 1948	$822,000
Budget estimate, 1949	822,000
Change, 1949	- -

PROJECT STATEMENT

Project	1947	1948 (estimated)	1949 (estimated)
1. Forest survey	$983,523	$750,000	$750,000
2. Economic investigations	70,981	72,000	72,000
Unobligated balance	17,496	- -	- -
Total appropriation or estimate	1,072,000	822,000	822,000

ITEMIZATION OF ESTIMATES

Appropriation: Forest Resources Investigations

Funds Available for Obligation

Item	Estimate, 1948	Budget estimate, 1949	Increase (+) or decrease (-)
Appropriation or estimate	822,000	822,000	- -
Payments received from non-Federal sources	45,000	45,000	- -
Total obligations (inclusive of payments received from non-Federal sources)	867,000	867,000	- -
Obligations by Objects			
Standard Classification			
01 Personal services	672,400	682,516	+$10,116
02 Travel	84,000	79,000	-5,000
03 Transportation of things	3,600	3,600	- -
04 Communication services	7,500	6,000	-1,500
05 Rents and utility services	23,200	23,200	- -
07 Other contractual services	19,150	19,150	- -
08 Supplies and materials	45,625	42,534	-3,091
09 Equipment	11,525	11,000	-525
Grand total obligations	867,000	867,000	
Payments received from non-Federal sources	-45,000	-45,000	
Total available (exclusive of payments from non-Federal sources)	822,000	822,000	

STATUS OF PROGRAM

The objective of these investigations is to survey the forest resources of the United States to determine the area and condition of forest lands, the volume and quality of remaining stands of timber, the annual growth of new timber crops, annual depletion of timber by cutting and destructive agencies, and potential requirements of the United States for various timber products; also to study economic problems of timber ownership, production, utilization, and marketing.

Current Activities: Following wartime suspension of activities, the nation-wide Forest Survey was resumed in F.Y. 1947 in 17 States under the direction of eight field experiment stations. Work plans were prepared, personnel recruited and trained, and necessary equipment procured. Special attention has been given to new techniques in using aerial photography for determining forest areas and timber volumes. Savings made through use of aerial photographs and more efficient field sampling techniques have partially offset greatly increased operating costs and permitted a relatively intensive survey to obtain statistics applicable to localized areas.

Forest Survey information is widely distributed in formal reports and type maps. In addition, more than 2,000 requests for special information are received annually from pulp and paper companies, varied other forest industries, timber land owners, railroads, state and federal officials, planning groups and various others. The timber resources and requirements information supplied by the Forest Survey is not only of great value to private industry and individuals, but is in addition essential economic data for formulating national judgments and policies in forestry affairs. Special reports for the Marshall Plan, the Krug Committee on Natural Resources, the Munitions Board, agencies of the United Nations, and Congressional Committees, are illustrative of the many policy uses which require comprehensive and accurate data on the nation's timber resources.

Current Rate of Progress: Inventory field work in F.Y. 1948 is covering for the first time about 47 million acres of forest lands in California, Montana, Missouri, Arkansas, West Virginia, New York, New Hampshire, Vermont, and Pennsylvania. Resurveys to keep inventory information up to date are covering about 27 million acres in Oregon, Washington, Idaho, Michigan, Minnesota, Mississippi, and South Carolina. Office computations and report preparation for these areas necessarily depend upon completion of most of the field work for a state and consequently are only partially complete. As of July 1, 1948, about 39 percent of the nation's forest land, or 243,000,000 acres, remains to be surveyed for the first time. About 253,000,000 acres surveyed before the war are in need of resurveys. A number of states, educational institutions and private industries are actively cooperating in the Survey to obtain more detailed statistics than are possible with federal funds alone.

Other economic investigations include studies of such varied subjects as employment opportunities in forest industries of the South, possibilities of increased production of newsprint in the United States, and importance of various factors affecting lumber production and prices.

(h) Control of Tree Insect Epidemics, National Forests

Under the above title an appropriation of $282,500 was provided by the First Deficiency Act, 1947 (approved May 1, 1947), for control of epidemics of tree-destroying insects on or threatening the national forests, to remain available until December 31, 1947. The entire appropriation was obligated as of December 31, 1947.

These funds were provided for control work on a serious mountain pine bark beetle infestation in mature lodgepole pine located on the National Forests, Parks and Monument in Southeastern Idaho and Northwestern Wyoming. Control work carried out under this item consisted of (1) locating the infested trees, (2) felling such trees, and (3) spraying the trunks with a penetrating oil which kills the insects in the inner bark. A total of 48,800 infested trees were treated in the calendar year 1947, at a cost of slightly less than $6 per tree.

CHANGE IN LANGUAGE

The estimates include proposed deletion of the language for this item (deleted matter enclosed with brackets):

> [Control of tree insect epidemics, national forests: For control of epidemics of tree-destroying insects on or threatening the national forests, fiscal year 1947. $282,500, to remain available until December 31, 1947.]

This change proposes deletion of the language provided in the First Deficiency Act, 1947 for the control of epidemics of tree-destroying insects on or threatening the national forests. The availability of funds under this item was limited to December 31, 1947, and therefore retention of the language is no longer necessary.

ITEMIZATION OF ESTIMATES

Appropriation: Control of Tree Insect Epidemics, National Forests

Funds Available for Obligation

Item	Estimate, 1948	Budget Estimate, 1949	Increase(+) or Decrease(-)
Appropriation or estimate (prior year balance available)	$ 96,267	- -	-$96,267
Total obligations	96,267	- -	-96,267
Obligations by Objects:			
Standard Classification			
01 Personal services	52,730	- -	-52,730
02 Travel	925	- -	-925
03 Transportation of things	900	- -	-900
04 Communication services	75	- -	-75
05 Rents and utility services ..	750	- -	-750
07 Other contractual services ..	2,500	- -	-2,500
08 Supplies and materials	37,187	- -	-37,187
09 Equipment	1,200		-1,200
Total obligations	96,267	- -	-96,267

(i) Forest Fire Cooperation

Appropriation Act, 1948	$9,000,000
Budget estimate, 1949	9,000,000
Change, 1949	- -

PROJECT STATEMENT

Project	1947	1948 (estimated)	1949 (estimated)
1. Cooperation with States in fire prevention and suppression	$8,239,283	$8,950,000	$8,950,000
Unobligated balance	5,717	- -	- -
Total available	8,245,000	8,950,000	8,950,000
Transferred to:			
"Salaries and expenses, Office of Information, Department of Agriculture"	+5,000	- -	- -
"Printing and binding, Department of Agriculture"	+50,000	+50,000	+50,000
Total appropriation or estimate	8,300,000	9,000,000	9,000,000

ITEMIZATION OF ESTIMATES

Appropriation: Forest Fire Cooperation

Funds Available for Obligation

Item	Estimate, 1948	Budget estimate, 1949	Increase(+) or decrease(-)
Appropriation or estimate	$9,000,000	$9,000,000	- -
Transferred to "Printing and binding, Department of Agriculture"	-50,000	-50,000	- -
Total obligations	8,950,000	8,950,000	- -
Obligations by Objects			
Standard Classification			
01 Personal services	$310,645	$315,240	+$4,595
02 Travel	25,000	25,000	- -
03 Transportation of things	2,550	2,423	-127
04 Communication services	1,500	1,500	- -
05 Rents and utility services	8,500	8,500	- -
07 Other contractual services	3,025	3,000	-25
08 Supplies and materials	18,736	16,143	-2,593
09 Equipment	6,850	5,000	-1,850
11 Grants, subsidies, and contributions	8,573,194	8,573,194	- -
Grand total obligations	8,950,000	8,950,000	- -

STATUS OF PROGRAM

Current Activities: The purpose of this program is to aid States in protecting State and private forests from destructive fires. The program has been in effect for 24 years under authorization of Section 2 of the Clarke-McNary Law and prior to that for 13 years additional under the Weeks Law. Federal assistance to States and private forest owners is necessary because:

(a) Nearly three-fourths of our Nation's commercial forest lands are in State and private ownership,

(b) 90% of our lumber and other forest products are cut from these non-federal forests,

(c) They comprise our most productive and most accessible supply of home grown lumber,

(d) Prevention and suppression of wild fires is the first essential of making and keeping these lands productive.

Current activities comprise financial cooperation in fire control with 43 States and Hawaii. They likewise include special services to States in such things as training of the best fire fighting techniques, procurement and development of better fire tools, motorized equipment, radio and the like. Also in spearheading Nationwide efforts to reduce the number of man-caused fires. Ninety percent are man-caused and therefore preventable. The public causes most fires and it therefore becomes a public responsibility to help prevent and suppress them.

Federal inspection is provided all cooperative projects. Likewise the auditing of State cooperative project accounts. States must spend their money first before receiving Federal reimbursement not to exceed 50%.

The January 1, 1947, status of protection was:

Needing protection	- 439 million acres
Now protected	- 319 million acres - 73%
Unprotected but needing it	- 120 million acres - 27%

The greatest current needs are:

(a) Extend protection to all areas needing it - 120 million acres still unprotected,

(b) Intensify protection where it is not now adequate,

(c) Reduce the number of man-caused fires.

The present Clarke-McNary law authorization is $9 million; present Federal appropriation is $9 million. Federal, State and private expenditures total $20,013,570. A study completed two years ago shows at least $32 million as needed to do an adequate protection job.

Selected Samples of Recent Progress

Area under protection was increased by 15½ million acres during calendar year 1946 - total now 319 million acres.

Although 18,000 (37%) more fires occurred during calendar year 1946 on the protected area than during 1945, the area burned was reduced by 204,000 acres. Size of average fire was reduced from 51 to 34 acres due to more effective organization.

Less than 1% of the protected area burned as against 15% on the unprotected lands.

One new State added to program last fiscal year - Iowa - now total of 43.

6,251 prosecutions were made by cooperating States for violation of State fire laws; convictions 93%.

Thirty-two States increased their appropriations for this program; 1 State decreased slightly.

F.Y. 1947 expenditures were:

State and County	$9,477,376 - 47%
Private	2,236,194 - 11%
Federal	8,300,000 - 42%
	$20,013,570

This total is an increase of $2,826,904 over previous F. Y. 1946.

Other examples of recent progress are:

More and better training of leaders and fire fighters.
Establishment of better communication systems - radio.
Increased use of power equipment for suppression - also airplanes - all result in reduction of fire toll.

State-private funds budgeted for F.Y. 1948 $18¼ million, an increase of nearly $3¼ million over F.Y. 1947. (Actual expenditures during F.Y. 1948 will probably be about $16 million, depending upon the severity of the fire season and amounts spent for fire fighting. It is expected that the States will spend at least $1 million more during F.Y. 1949.)

State Allotments for Forest Fire Cooperation
Fiscal Year 1948

State	State and Private Funds Budgeted	Federal Allotments
Alabama	$660,470	$275,718
Arkansas	582,724	154,803
California	3,523,123	1,494,136
Colorado	46,972	22,235
Connecticut	94,604	48,291
Delaware	12,980	7,986
Florida	457,582	428,082
Georgia	262,845	227,024
Hawaii	8,018	4,500
Idaho (N)	284,580	135,140
Idaho (S)	33,960	27,191
Illinois	56,603	19,033
Indiana	89,020	66,020
Iowa	11,933	7,928
Kentucky	207,212	72,166
Louisiana	345,623	187,654
Maine	299,965	131,356
Maryland	237,500	110,000
Massachusetts	344,310	95,202
Michigan	830,014	428,424
Minnesota	453,807	300,270
Mississippi	499,561	193,566
Missouri	239,158	110,300
Montana	128,235	96,640
Nevada	21,713	10,866
New Hampshire	125,949	58,258
New Jersey	364,574	127,347
New Mexico	40,379	9,704
New York	723,722	174,043
North Carolina	505,758	233,302
Ohio	168,418	73,066
Oklahoma	62,780	53,031
Oregon	1,576,771	863,817
Pennsylvania	339,200	233,100
Rhode Island	84,576	28,428
South Carolina	526,487	334,777
South Dakota	32,600	7,000
Tennessee	153,400	103,712
Texas	238,265	141,356
Utah	47,933	20,932
Vermont	44,237	22,191
Virginia	331,900	213,928
Washington	2,258,756	773,313
West Virginia	220,116	193,329
Wisconsin	636,024	270,835
Administration, Inspection, Prevention and Special Services to States	---	410,000
Grand totals	$18,214,357	$9,000,000

(j) Farm and Other Private Forestry Cooperation

Appropriation Act, 1948	$809,500
Budget estimate, 1949	809,500
Change, 1949	--

PROJECT STATEMENT

Project	1947	1948 (estimated)	1949 (estimated)
1. Cooperation with States in procurement, production, and distribution of forest-tree and shrub seeds and plants for farmers (Forest Service):			
Under Clarke-McNary Act, Section 4	$81,834	$83,700	$83,700
Under Norris-Doxey Act	40,050	40,900	40,900
Total, Project 1	121,884	124,600	124,600
2. Cooperation with States for extension activities in developing farm forestry (Extension Service):			
Under Clarke-McNary Act, Section 5	59,726	65,766	65,766
Under Norris-Doxey Act	36,868	40,577	40,577
Total, Project 2	96,594	106,343	106,343
3. Cooperation with timberland owners (Forest Service):			
Under Norris-Doxey Act	445,815	463,957	463,957
Under Private Forestry Cooperation	114,105	114,600	114,600
Total, Project 3	559,920	578,557	578,557
Unobligated balance	23,102	--	--
Total available for obligation	801,500	809,500	809,500
Transferred from "Exportation and domestic consumption of agricultural commodities, Department of Agriculture" (For Pay Act Costs)	-30,000	--	--
Total appropriation or estimate	771,500	809,500	809,500

CHANGE IN LANGUAGE

The estimates propose the deletion of the proviso at the end of the item as follows (deleted language enclosed with brackets):

> [: Provided, That in carrying into effect the provisions of the Cooperative Farm Forestry Act, no part of this appropriation shall be used to establish new nurseries or to acquire land for the establishment of such new nurseries]

The proviso was inserted in the 1939 Agricultural Appropriation Act at a time when increases were being requested for the Prairie States Forestry Project. It was apparently intended to prohibit the establishment of new Federal nurseries and the acquisition of land for such new nurseries. State agencies with whom the Forest Service cooperates under the Norris-Doxey Act, however, must expand their nurseries to take care of the greatest public demand for forest planting stock of all times. Forest tree planting was so curtailed during the war that today there is a tremendous backlog of requests for stock that cannot be fulfilled unless state nurseries are expanded. In the wealthier States the above proviso has had no effect in preventing the establishment of new nurseries because ample State funds are available for this purpose. However, in the poorer States where, generally speaking, tree planting is most urgently needed, the proviso has retarded nursery expansion. For that reason it is recommended that the proviso be eliminated.

(Continued on next page)

ITEMIZATION OF ESTIMATES

Appropriation: Farm and Other Private Forestry Cooperation

Funds Available for Obligation

Item	Estimate 1948	Budget estimate 1949	Increase (+) or decrease (-)
Appropriation or estimate	$809,500	$809,500	- -
Allotted to "Extension Service"	-106,343	-106,343	- -
Reimbursements for services performed	14,069	- -	-$14,069
Payments received from non-Federal sources	7,331	- -	-7,331
Total obligations (inclusive of reimbursements)	724,557	703,157	-21,400

Obligations by Objects

Forest Service

Standard Classification			
01 Personal services	536,157	197,830	-338,327
02 Travel	26,000	23,207	-2,793
03 Transportation of things	1,200	600	-600
04 Communication services	3,000	1,400	-1,600
05 Rents and utility services	5,500	4,000	-1,500
07 Other contractual services	1,000	500	-500
08 Supplies and materials	32,000	13,620	-18,380
09 Equipment	12,000	3,000	-9,000
11 Grants, subsidies, and contributions	107,700	459,000	+351,300
Grand total obligations	724,557	703,157	-21,400
Reimbursement for services performed	-14,069	- -	
Payments received from non-Federal sources	-7,331	- -	
Total available (exclusive of reimbursements)	703,157	703,157	

Allotment to Extension Service

01 Personal services	104,242	104,242	- -
02 Travel	2,101	2,101	- -
Grand total obligations	106,343	106,343	- -
Allotted from "Farm and Other Private Forestry Cooperation, Department of Agriculture"	-106,343	-106,343	
Total available	- -	- -	

STATUS OF PROGRAM

Current Activities: Three-fourths of this country's commercial quality forest land is privately owned. These are potentially the most productive and most accessible parts of our forest area. We must continue to depend on privately owned forests for the bulk of our forest products.

We will not get adequate supplies of forest products from privately owned forests unless we make an effort to grow timber as a crop. We've been relying heavily, so far, on the old-growth forests that came with the country when we settled here. Conscious effort means making provision for a new crop of timber when we cut the remaining old-growth or the volunteer second-growth.

As of today we are not making that effort. Some forest properties are well managed but the total acreage is small in comparison with the 345 million acres of commercial forest in private ownership. Three-fourths of the 345 million acres is in small ownerships--mainly in individual holdings of less than 100 acres. The crux of the nation's forestry problem is in these small ownerships. At present, 71 percent of the timber cutting on these small forests makes no provision for future timber crops; on only 4 percent of the cutting area is there adequate provision for future crops.

This appropriation is the major--essentially the only--effort by the Federal Government to improve management of privately owned forest lands. It attempts to cover all size classes of private ownership but is aimed chiefly at the 4-1/4 million small forest holdings. In F.Y. 1947 the Federal Government spent $809,500 and state agencies spent $1,677,000.

The work under this cooperative program falls into three broad categories:

(1) Cooperation with states in distribution of forest-trees for farm woodland planting.

(2) Cooperation with states for extension activities in farm forestry.

(3) Cooperation with states and with timberland owners for a service program of technical assistance in forest management.

Selected Examples of Recent Progress

1. Planting (Forest Service): In 1946 the demand by farmers for planting stock was still far in excess of the 43,146,000 seedlings and transplants produced under the cooperative program by 42 states and 2 territories. Factors restricting production are lack of operating funds, scarcity of labor, and the lag of four or five years in bringing some species to plantable age. The states are expanding their output as rapidly as funds and nursery facilities will permit.

They are enlarging existing nurseries and establishing new ones. They are using machinery and chemical weed killers to reduce the amount of hand labor. From 1945 to 1946 the increase in tree output was 14 percent. It is estimated that the 1947 output was increased another 27 percent. Even so, the nursery stock available in 1947 was short of meeting the demand by about 50 percent.

2. Extension Forestry (Extension Service): The extension foresters provided by this activity "educate" the small owner, particularly the farmer, to the need for applying improved forest practices in the management of his woodland. Probably one of the most helpful contributions the extension foresters are now making is in the field of farm building construction. The state specialists are a valuable link in assisting farmers to convert farm timber to much needed building materials. Labor saving equipment, such as efficient hand and power tools, tree planting machines, and a machine for tapping maple trees, is being demonstrated by extension workers. The extension foresters also promote the use of tree planting stock produced by the state foresters in state nurseries.

The increasing interest in 4-H forestry club work is creating additional demands on extension foresters. Closely allied to the forestry phase of this work and of coming importance are activities in fish and wildlife, and water and soil conservation. Forestry specialists are contributing to these allied projects. Also, they have made significant contributions to the Farm Safety Program.

The following summary shows the number of farmers who were assisted in farm forestry work by extension workers through group demonstrations, meetings, etc., and the number of counties reporting:

	Number	Counties Reporting Work
Number of local leaders assisting in forestry	21,539	1,453
Number of farmers assisted this year -		
In reforesting new areas by planting with small trees	48,806	1,806
In planting windbreaks or shelterbelts	23,388	1,151
In making improved thinnings, weedings, or pruning of forest trees	26,814	1,449
With selection cutting	24,234	1,336
With production of naval stores	4,345	101
With production of maple-sirup products	3,676	178
In timber estimating and appraisal	19,475	1,328
Number of communities in which marketing of forest products conducted	5,498	709

Number of farmers cooperating this year in prevention of forest fires	590,267	1,270
Four-H forestry projects - total enrollment .	18,807	..
Number completing projects	13,589	..
Four-H Club members receiving definite training in forestry	94,171	1,089
Four-H Club members receiving definite training in wildlife	138,844	1,463
Number of farmers assisted this year in -		
The construction of farm buildings	67,587	2,417
Remodeling or repairing farm buildings	79,136	2,279
Number of families assisted this year in -		
Removing fire and accident hazards	519,423	1,942

3. Technical Assistance in Forest Management (Forest Service): The demand for this direct-on-the-ground type of assistance where the small woodland owner is assisted by a local forester was so great that the fiscal year ended with 2,673 unfilled requests for service. More than 91 percent of these woodland owners requesting assistance accepted recommendations of the foresters and made appreciable progress in placing their woodlands in better condition to grow future timber crops. Although there are only 154 of these project foresters (39 states have one or more) the accomplishments for F.Y. 1947 are:

13,531 owners assisted in applying improved management practices on 1,576,888 acres of woodland.

5,642 owners made improvement and harvest cuttings on 210,468 acres.

139,466 acres of young timber were saved from premature harvest.

502,000,000 board feet of sawtimber and other forest products were cut and sold, contributing $7,805,105 to the gross farm income.

This was 50,000,000 board feet and $1,712,606 in excess of F.Y. 1946 sales and $6,761,227 more than when the projects were started in 1942.

In addition, farm foresters advised and assisted owners in harvesting other forest products--for example, 6,870 barrels of gum naval stores and 136,289 gallons of maple syrup.

Timber buyers and small sawmill operators continue to endorse these woodland management projects and keep in close contact with local foresters. More and more mill operators are now suggesting to the woodland owner that he get the advice of the forester before cutting or selling any timber. The progressive millman is beginning to see a future to his own

business when woodlands are managed so as to produce continuous crops of quality timber.

Accomplishment to date, however, is small in comparison with the size of the job--261 million acres in 4-1/4 million separate holdings. To cover the ground one time, and do it within 10 years, would require about 2,000 foresters.

The large and medium-sized privately-owned timberlands which constitute 25 percent of our 345 million acres of privately-owned commercial forest land constitute an entirely different kind of problem so far as technical forestry assistance is concerned.

These larger landowners usually operate large wood-industries such as sawmills, remanufacturing plants, and pulp mills. Many of them can and do employ foresters full time or hire consultants part-time. Public assistance to this ownership group is restricted mainly to highly specialized advice and guidance to company and consulting foresters. This is a small but important part of this cooperative program.

Half the lumber cut in this country comes from some 40,000 small sawmills which are not members of trade associations and have no way to get the technical advice and information that would increase mill efficiency, reduce waste and generally improve their operations, except through the program of Farm and Other Private Forestry Cooperation.

(k) Acquisition of Lands for National Forests

Appropriation Act, 1948	$750,000
Budget estimate, 1949	500,000
Decrease, 1949 (reduction in the level of the 1949 acquisition program)	-250,000

PROJECT STATEMENT

Project	1947	1948 (estimated)	1949 (estimated)	Increase or decrease
1. Acquisition of lands for National Forests	$2,580,133	$750,000	$500,000	-$250,000(1)
Unobligated balance	9,867	- -	- -	- -
Total appropriation or estimate	2,590,000	750,000	500,000	

DECREASE

(1) The decrease of $250,000 will be met by curtailing purchases of land for National Forests. The land purchase program was discontinued during the war, but was resumed in 1947 and continued in 1948. The 1948 funds are being used to purchase approximately 115,000 acres of the remaining acreage (23,844,122) needed to complete purchase units which have been approved by the National Forest Reservation Commission. It is estimated that 75,000 acres will be purchased during 1949.

ITEMIZATION OF ESTIMATES

Appropriation: Acquisition of Lands for National Forests

Funds Available for Obligation

Item	Estimate 1948	Budget estimate 1949	Increase (+) or decrease (-)
Appropriation or estimate	$750,000	$500,000	-$250,000
Total obligations	750,000	500,000	-250,000
Obligations by Objects			
Standard Classification			
01 Personal services	$76,958	$53,435	-$23,523
02 Travel	13,177	6,300	-6,877
03 Transportation of things	500	300	-200
04 Communication services	600	200	-400
05 Rents and utility services	1,000	600	-400
07 Other contractual services	600	400	-200
08 Supplies and materials	11,337	5,000	-6,337
09 Equipment	5,828	2,500	-3,328
10 Lands and structures	640,000	431,265	-208,735
Total available	750,000	500,000	-250,000

STATUS OF PROGRAM

This appropriation is provided to acquire lands for the protection of the watersheds of navigable streams, and for the production of timber in the continental United States and Puerto Rico, under the provisions of the Weeks law of March 1, 1911 (36 Stat. 961), as amended by the Acts of June 7, 1924 (43 Stat. 654) and March 3, 1925 (43 Stat. 1215).

There now exist 72 national forests and purchase units situated in 31 states and Puerto Rico within which acquisition of lands under the above acts has been approved by the National Forest Reservation Commission and in which lands still remain to be acquired; in eight of these, land acquisition has been deferred for lack of funds or awaiting development of conditions favorable to initiation of an acquisition program. With a few exceptions, the purchase units established with the approval of the National Forest Reservation Commission comprise lands which were all or nearly all in private ownership at the time of approval.

Within the aforesaid purchase units 22,305,745 acres have been approved for purchase or have national forest status through donation, transfer, exchange, or otherwise; 23,993,000 acres of lands deemed chiefly valuable for forestry and watershed purposes still remain to be acquired. The unacquired lands in large measure are principally valuable for timber growing or for watershed protection. Many of them have been heavily logged, unwisely cultivated, or otherwise impaired. Most of them should be in public ownership to assure that they will be so managed as to contribute optimum benefits to streamflow regulation and timber production.

Purchase work under the above cited acts was initiated in 1911 in the Appalachian regions of New England and western North Carolina. During the ensuing 36 years it has been extended further throughout the Appalachians, to the Piedmont and southern pine areas, the central hardwoods region, the Ozark plateau, the Lake States and, to a minor degree, the western Douglas-fir, pine and redwood areas. In all but five of the 36 fiscal years 1911 to 1947, inclusive, congressional appropriations or allotments through executive orders have been made available. During and immediately after the wars, of course, appropriations for such work were curtailed or eliminated. For fiscal year 1947 Congress appropriated $3,000,000; for fiscal year 1948 $750,000.

The following tabulation shows the status of the existing purchase units as of June 30, 1947 and progress expected in fiscal year 1948: 1/

	Gross Area (Acres)	Not to be Acquired (Acres)	Acquirable (Acres)
Purchase Units as of 6/30/47 (72)	53,495,075	7,196,391	46,298,684
Acquired by purchase, exchange, donation, transfer from other Federal Agencies and reservation from the Public Domain as of 6/30/47			22,305,745
Balance to be acquired as of 6/30/47 to complete purchase units			23,992,939
Estimated acquisition during F.Y. 1948			115,000
Balance estimated to be acquired as of 6/30/48			23,877,939

1/ The above figures are subject to a final check of reports for F. Y. 1947

It is estimated that fiscal year 1948 appropriation will permit acquisition of about 115,000 acres. Preference will be given to units in which purchase work has been started and to tracts which serve to consolidate existing government ownership in the interest of more efficient and economical management of the national forests. Dispersed public ownership leads to higher unit costs of protecting and managing the government lands, and to some extent decreases the effectiveness of good management practices on such lands since the intervening private areas remain subject to over-cutting, unwise cultivation, over-grazing or other detrimental practices.

(1) Acquisition of Lands from National Forest Receipts

Appropriation Act, 1948	$142,000
Budget estimate, 1949	142,000
Change, 1949	- -

PROJECT STATEMENT

Project	1947	1948 (estimated)	1949 (estimated)
1. Uinita and Wasatch National Forests, Utah	$11,606	$40,000	$40,000
2. Cache National Forest, Utah	8,891	10,000	10,000
3. San Bernardino and Cleveland National Forests, California--Riverside County	14,654	22,000	22,000
4. Nevada and Toiyabe National Forests, Nevada	4,081	10,000	10,000
5. Angeles National Forests, California	17,606	20,000	20,000
6. Cleveland National Forest in San Diego County, California	- -	5,000	5,000
7. Sequoia National Forest, California	789	35,000	35,000
Unobligated balance	80,390	- -	- -
Total appropriation or estimate	138,017	142,000	142,000

ITEMIZATION OF ESTIMATES

Appropriation: Acquisition of Land from National Forest Receipts

Funds Available for Obligation

Item	Estimate 1948	Budget estimate 1949	Increase (+) or decrease (-)
Appropriation or estimate	$142,000	$142,000	- -
Total obligations	142,000	142,000	- -
Obligations by Objects			
Standard Classification			
01 Personal services	12,000	12,000	- -
02 Travel	1,960	1,960	- -
08 Supplies and materials	50	50	- -
10 Lands and structures	127,990	127,990	- -
Total available	142,000	142,000	- -

STATUS OF PROGRAM

This appropriation provides for the purchase of lands under the provisions of seven special acts of Congress enumerated in the appropriation item. These acts were passed with the support and concurrence of local people so that certain private lands intermingled with existing national forest lands could be acquired and placed under national forest administration. These lands are not in the drainages of navigable streams, and therefore cannot be acquired under the Weeks law of March 1, 1911. They frequently are subject to forms of misuse such as clear cutting of timber, overgrazing, removal of brush cover, etc., which lead to soil and resource depletion and which minimize or neutralize the protection and management practices carried out on surrounding national forest lands. In the Southern California areas, occupancy and use of interspersed private lands may create fire hazards which threaten not only these tracts but also large areas of surrounding publicly owned and protected watershed. Portection and management of such lands as part of the national forest is recognized as highly desirable by local communities, especially from the standpoint of erosion prevention and flood control. The authorizing acts provide that certain proportions of the receipts of the specified national forests may be appropriated and used for the purchase of these lands. Since otherwise 25 percent of these receipts would be distributed to the counties, such provision in effect means that the counties contribute one-fourth of the cost of the acquired lands.

The following table shows the status of the purchase program under this appropriation:

Purchases of Land under the Forest Receipts Acts

State and Purchase Unit	Acquired to 6/30/47 (Acres)	Estimated Balance to be acquired (Acres)	Appropriation available in F.Y. 1948	Estimated acreage to be bought in 1948
UTAH				
Uinta-Wasatch	83,606	66,000	$ 40,000	8,000
Cache	9,706	116,000	10,000	2,500
NEVADA				
Nevada-Toiyabe	7,363	54,000	10,000	2,000
CALIFORNIA				
Cleveland-SanBernardino (Riverside County)	4,015	78,000	22,000	5,000
Angeles	440	27,500	20,000	800
Cleveland-(San Diego County)	-	91,000	5,000	1,000
Sequoia	3,984	41,000	35,000	3,000
TOTALS	109,114	473,500	$ 142,000	22,300

It is estimated that about 22,000 acres can be acquired with the F.Y. 1948 appropriation. These will be tracts within the designated units for which public ownership offers the best assurance of adequate protection of soil and vegetative growth, restoration where necessary, and long time management with emphasis on watershed and erosion protection.

SPECIAL ACCOUNTS

(m) Payments to States and Territories from the National Forest Fund

Appropriation Act, 1948	$4,548,000
Budget estimate, 1949	4,548,000
Change, 1949	- -

PROJECT STATEMENT

Project	1947	1948 (estimated)	1949 (estimated)
Payments to states and territories from national forest funds (total appropriation or estimate)	$3,424,430	$4,548,000	$4,548,000

Except as otherwise provided, the Acts of May 23, 1908, and March 1, 1911, as amended by the Act of June 30, 1914, require that 25 percent of all money received from the national forests during any fiscal year be paid to the states and territories in which the forests are located. The amount of this appropriation varies each year in direct proportion to national forest receipts during the previous fiscal year.

(n) Payments to School Funds, Arizona, and New Mexico, National Forest Fund

Appropriation Act, 1948	$49,217
Budget estimate, 1949	49,217
Change, 1949	- -

PROJECT STATEMENT

Project	1947	1948 (estimated)	1949 (estimated)
Payments to school funds, Arizona and New Mexico, national forest fund (total appropriation or estimate)	$39,335	$49,217	$49,217

The States of Arizona and New Mexico are reimbursed in such proportion of the gross proceeds of all the National Forests within those States as the area of land granted to the States for school purposes within the National Forests bears to the total area of all national forests within the States.

These payments are required by the Act of June 20, 1910 (36 Stat. 562 and 573) which provides "That the grants of Sections two, sixteen, thirty-two and thirty-six to said State, within National Forests now existing or proclaimed, shall not vest the title to said section in said State . . . but said granted sections shall be administered as a part of said forests, and at the close of each fiscal year there shall

be paid to the Secretary of State, as income for its common-school fund, such proportion of the gross proceeds of all the national forests within said State as the area of lands hereby granted to said State for school purposes which are situated within said forest reserves . . . . may bear to the total area of all the National Forests within said State . . . the amount necessary for such payments being appropriated and made available annually from any money in the Treasury not otherwise appropriated." School lands are given the same form of management accorded adjacent national forest lands.

As soon after the close of the fiscal year as the receipts from national forests, and the area of school lands in the States of Arizona and New Mexico are authoritatively determined, the payments referred to above are made to the States. Payments in fiscal year 1948 will be $48,746 to Arizona and $471 to New Mexico.

(o) Roads and Trails for States, National Forest Fund

Appropriation Act, 1948	$1,819,200
Budget estimate, 1949	1,819,200
Change, 1949	- -

PROJECT STATEMENT

Project	1947	1948 (estimated)	1949 (estimated)
Roads and trails for States, National Forest funds	$1,237,787	$1,819,200	$1,819,200
Total	1,237,787	1,819,200	1,819,200
Prior year balance available in 1947	-1,248,405	- -	- -
1947 balance available in 1948 ...	+1,380,390	-1,380,390	- -
1948 balance available in 1949 ...	- -	+1,380,390	-1,380,390
1949 balance available in 1950 ...	- -	- -	+1,380,390
Total appropriation or estimate	1,369,772	1,819,200	1,819,200

An additional 10 percent of moneys received from the National Forests during each fiscal year is available at the end thereof to be expended by the Secretary of Agriculture for the construction and maintenance of roads and trails within the national forest in the states from which such proceeds are derived (16 U.S.C. 50).

ITEMIZATION OF ESTIMATES

Appropriation: Roads and Trails for States, National Forest Fund

Funds Available for Obligation

Item	Estimate, 1948	Budget Estimate 1949
Appropriation or estimate	$1,819,200	$1,819,200
Prior year balance available	1,380,390	1,380,390
Reimbursements for services performed	44,000	44,000
Total available for obligation	3,243,590	3,243,590
Balance available in subsequent year	-1,380,390	-1,380,390
Total obligations (inclusive of reimbursements)	1,863,200	1,863,200
Obligations by Objects		
Standard Classification		
01 Personal services	$900,700	$900,700
02 Travel	15,000	15,000
03 Transportation of things	18,000	18,000
04 Communication services	1,500	1,500
05 Rents and utility services	18,000	18,000
07 Other contractual services	336,000	336,000
08 Supplies and materials	385,000	385,000
09 Equipment	189,000	189,000
Grand total obligations	1,863,200	1,863,200
Reimbursements for services performed	-44,000	-44,000
Total available (exclusive of reimbursements)	1,819,200	1,819,200

STATEMENT OF OBLIGATIONS UNDER SUPPLEMENTAL FUNDS

Item	obligations, 1947	Estimated obligations, 1948	Estimated obligations, 1949
Research and Marketing Act, Department of Agriculture (Forest Service)			
1. (Title 1, sec. 10a) Utilization research....	- -	$100,000	- -
2. (Title 1, sec. 10b) Research, other than utilization research	- -	25,000	- -
Total, Research and Marketing Act.....	- -	125,000	a/ - -
Administrative Expenses, Section 392, Agricultural Adjustment Act of 1938, Department of Agriculture (Forest Service) Cooperation with Production and Marketing Administration in administration of the naval stores conservation program.....	$18,917	19,513	$19,513
Local Administration, Section 388, Agricultural Adjustment Act of 1938, Department of Agriculture (Forest Service): Cooperation with Production and Marketing Administration in administration of the naval stores conservation program.....	108,024	97,586	97,586
Control of Forest Pests, Department of Agriculture (Forest Service):			
For white pine blister rust control on national forests.....	2,207,586	1,974,650	1,974,650
For insect control on national forest.....	100,126	100,716	101,000
Total, Control of Forest Pests.....	2,307,712	2,075,366	2,075,650

a/ Allotments under this appropriation for fiscal year 1949 have not been determined.

Item	obligations, 1947	Estimated obligations, 1948	Estimated obligations, 1949
Tussock Moth Control, Department of Agriculture (Forest Service): For control of tussock moth on national forest lands	$350,048	$29,952	- -
Flood Control, Department of Agriculture, (Forest Service): Preliminary examinations and surveys, and works of improvement on headwaters of streams, including upstream engineering, soil stabilization, and reforestation on selected watersheds authorized by various Flood Control Acts	465,088	1,287,428	$1,512,150
Reclamation Fund, Special Fund, general investigations, Department of the Interior--(Transfer to Agriculture): For cooperative snow investigations, Frazer experimental area	- -	2,500	16,250
Working Funds, Agriculture, Forest Service -- Advances from: National Military Establishment, Department of the Army: Army Air Forces, for strength studies of wood, plywood, and glues for use in air-craft (joint project with Navy)	31,338	85,987	- -
Army Air Forces, for test program on air-craft cargo floor panels	--	7,000	- -
Army Air Forces, for general research and development program, plastics, glue evaluation, seasoning, etc., for air-craft	9,553	- -	- -
Army Air Forces, for studies of the properties of sandwich materials and other material	6,384	35,216	- -

Item	obligations, 1947	Estimated obligations 1948	Estimated obligations 1949
Working Funds, Agriculture, Forest Service -- Advances from: National Military Establishment, Department of the Army: (Cont'd.)			
For mapping strategic areas	475	10,000	--
Army Air Forces, for strength studies of air-craft sandwich construction and core and bonding materials at high temperatures	--	15,000	--
Ordnance Department, for solving packaging and container problems	18,647	32,172	--
Army Air Forces, for solving packaging and container problems	43,694	67,312	--
Engineer Corps, for rehabilitation of Breezy Hill Artillery Range	--	97,450	--
Engineer Corps, for rehabilitation of Camp Rimini War Dog reception center	735	--	--
Engineer Corps, for protection of Hunter-Liggett military reservation, California	615	387	--
Quartermaster, for research on glues for furniture	6,520	980	--
Quartermaster, for development of basic design data for fiberboard in shipping containers	--	20,000	--
Signal Corps, for development of containers and packaging of communications equipment and parts	9,678	12	--
Total, National Military Establishment, Department of the Army	127,639	371,516	--

(Continued on next page)

Item	obligations 1947	Estimated obligations 1948	Estimated obligations 1949
Working Funds, Agriculture,			
Forest Service:			
Advances from: Cont'd.			
National Military Establishment:			
Department of the Navy			
Bureau of Aeronautics, for strength studies of wood, plywood, and glues in aircraft, (joint project with Army)	$63,534	$50,000	- -
Bureau of Ships, for studies relating to the use of wood in boats	12,491	12,500	- -
Bureau of Aeronautics, for research on fabrication of materials for high-speed naval aircraft	10,813	17,623	- -
Bureau of Aeronautics, for development of adhesives for bonding metal to wood	11,716	10,284	- -
Bureau of Ships, for investigations of the behavior of composite laminated structures, David Taylor Model Basin	19,866	10,134	
For mapping strategic areas	74,198	20,358	
Bureau of Aeronautics, for the development of protection systems for wood components of aircraft	5,143	4,357	- -
Office of Naval Reserve, for studies on the dimensional stabilization of wood	- -	24,827	- -
Bureau of Supplies and Accounts for dismantling, transporting, and reassembling fire lookout towers at Farragut, Idaho	1,721	4	- -
Total, National Military Establishment, Department of the Navy	199,482	150,087	- -

(Continued on next page)

Item	obligations 1947	Estimated obligations 1948	Estimated obligations 1949
Working Funds, Agriculture,			
Forest Service:			
Advances from: Cont'd.			
National Advisory Committee on Aeronautics: Study of stress concentration in nonisotropic materials.....	$2,851	$15,000	- -
For investigations of fibrous materials for sandwich construction.....	2,317	12,676	- -
Total, National Advisory Committee on Aeronautics.....	5,168	27,676	- -
Interior Department:			
For protection of Oregon and California R.R. and reconveyed Coos Bay Wagon Road grant lands located within the boundaries of national forests	23,062	12,151	- -
Relocation of Forest Service facilities on lands subject to flooding from Shasta Dam, California.....	960	- -	- -
Reconstruction of Forest Service telephone lines to eliminate power interference caused by Bonneville project.....	6,418	3,052	- -
To cover cost of moving Forest Ranger Station, Boise, Idaho..	375	9,265	- -
For timber survey, Hungry Horse Dam.....	5,951	- -	- -
For survey and study of future development in the Columbia River Basin.....	16,802	4,371	- -
To cover cost of protection and maintenance of smoke-jumpers for use on forest fires on park service land.....	- -	6,300	- -
For fire protection Bureau of Land Management, public lands.	10,684	25,209	- -
Total, Interior Department.....	64,252	60,348	- -
Federal Works Agency:			
Public Roads Administration, for investigation of applications, and construction, maintenance, and improvement of access roads to sources of raw materials.....	107,806	21,313	- -

Item	obligations 1947	Estimated obligations 1948	Estimated obligations 1949
Working Funds, Agriculture,			
Forest Service:			
Advances from: (Cont'd.)			
Federal Power Commission			
For investigation and supervision of Federal Power Commission projects.....	$1,689	$3,130	- -
Department of Commerce:			
Bureau of Census, for collection of forest products data...	101,786	67,566	- -
Office of Price Administration:			
For use of Forest Service Facilities in Alaska to provide fiscal, personnel, and procurement services.....	9,480	- -	- -
United States Employment Service			
For use of Forest Service Facilities in Alaska to provide fiscal, personnel, and procurement services.....	1,200	- -	- -
Office of Scientific Research and Development:			
For photostating secret documents.....	3,854	500	- *
Office of Selective Service Records:			
Operating civilian public service camps.....	124,114	- -	- -
Civilian Production Administration:			
Lumber Division, for stimulating the production of forest products needed in the war effort.....	2,522	2	- -
Lumber and Lumber Products Division, for gathering and furnishing information on the production, requirements and supplies of forest products....	330,831	2,701	- -
Total, Civilian Production Administration.....	333,353	2,703	- -

(Continued on next page)

Item	obligations 1947	Estimated obligations 1948	Estimated obligations 1949
Working Funds, Agricultural			
Forest Service:			
Advances from: (Cont'd)			
Housing and Home Finance Agency:			
Testing and research on building materials and systems, intended to facilitate the Veterans Emergency Housing program	$216,990	$166,003	- -
Forest products program	87,851	1,900	- -
Total, Housing and Home Finance Agency	304,841	167,903	- -
Tenessee Valley Authority:			
For fire protection on Tennessee Valley Authority lands	135	738	- -
Farmers Home Administration:			
For payments in lieu of taxes, and for insurance of Government property on Sublimity, Ky. and Drummond, Wisc., rural rehabilitation projects	69	- -	- -
Commodity Credit Corporation:			
To cover costs incident to conducting tests on egg cases	- 2	- -	- -
Total, Working Funds	1,384,866	873,480	- -
Cooperative Work, Forest Service:			
Trust fund contributed by cooperators for the accomplishment of certain projects shown below, which are of mutual benefit to the Forest Service and to such cooperators:			
1. Construction of improvements	382,373	390,000	390,000
2. Maintenance of improvements	428,627	430,000	430,000
3. Prevention and suppression of forest fires and control of insect epidemics	1,142,058	945,000	945,000
4. Disposal of brush and other debris in timber-sale operations and sale area betterment	1,383,279	2,364,000	2,364,000
5. Forest investigations	202,629	200,000	200,000
6. Administration	82,359	80,000	80,000
7. Reforestation	10,282	11,000	11,000
8. Refunds to cooperators	79,452	80,000	80,000
Total, Cooperative Work	3,711,059	4,500,000	4,500,000

Item	obligations 1947	Estimated obligations 1948	Estimated obligations 1949
Construction of Forest Access Roads to Standing Timber			
Trust fund advanced by the National Housing Agency through the Reconstruction Finance Corporation, for the construction of roads to National Forest timber, under authority contained in Section 11 of the Veterans' Emergency Act of 1946 (Act of May 22, 1946, P.L. 388)	$10,521,831	$2,156,220	- -
Miscellaneous Contributed Fund, Department of Agriculture (Forest Service):			
Cooperating with Puerto Rico for preparation of cadastral and base maps of six Insular Forest Units	93	5,907	- -
Penalty Mail Costs, Department of Agriculture (Allotment to Forest Service):			
For cost of penalty mail pursuant to Section 2, Public Law 364, 78th Congress	32,838	46,000	$49,950
Cooperation with American Republics (Transfer from State Department):			
For training in forestry of trainees from other American Republics a/	14,623	5,053	8,230
TOTAL, OBLIGATIONS UNDER SUPPLEMENTAL FUNDS	18,915,099	11,224,005	8,279,329

a/ Detailed schedule for this item appears under the State Department chapter of the Budget.

PASSENGER MOTOR VEHICLES AND AIRCRAFT

Replacements. It is proposed to replace 213 cars in the fiscal year 1949. All of these cars will be of model 1942 or older. The average mileage will be in excess of 50,000 miles. These vehicles have been operated mainly over mountain roads, where surfaces are rough and dusty, grades are steep and curves are numerous and sharp.

Additions to fleet. The following paragraphs explain the need for additional vehicles and aircraft under appropriation headings:

National Forest Protection and Management. Four aircraft are included in the estimates for 1949 to be used for fire control purposes. The following purchases are contemplated:

1 Helicopter	$70,000
1 Cargo plane, Noorduyn Norseman type .	17,000
2 Reconnaissance planes, Beechcraft Bonanza type	17,500
Total	104,500

The planned purchase of four aircraft will continue the program in effect in the fiscal year 1948. However, the proposed purchase of a helicopter in 1949 will be the first rotary type plane to be acquired by the Forest Service. Experiments carried on in cooperation with the Army have demonstrated the utility of the helicopter for fire control work.

Flood Control. Three additional cars will be needed at the Southern Forest and Range Experiment Station, where an extensive program of flood control surveys is to be undertaken in the fiscal year 1949.

PENALTY MAIL ESTIMATE
Sec. 2, Public Law 364, 78th Congress
(Allotment to Forest Service)

	1947	1948	1949	Increase (+) 1949 over 1948
Category 1	$4,743	$7,000	$7,500	+$500
Category 2	28,095	39,000	42,450	+3,450
Total	32,838	46,000	49,950	+3,950(1)

(1) An increase of $3950 composed of:

(a) $3450 to meet increased costs to the Post Office Department of handling penalty mail. The Post Office Department has advised that payments into the Treasury for costs of handling penalty mail in 1949 will be at the rate of $20.00 per thousand pieces of mail, an increase of $1.40 per thousand over the rate applicable to 1948 mailings.

(b) $500 to cover the cost of additional mailings resulting from increases proposed in 1949 including those for handling an expanding timber sales business, strengthening range management, and for establishment of a forest research center in Alaska.

Category 1 consists of material mailed in response to specific requests for processed material or in reply to specific problems that have been raised, thus facilitating prompt replies and reducing the number of individual letters which would otherwise be necessary. The material distributed contains the results of Forest Service research work and information of the availability of stumpage, planting methods, range for domestic livestock, revegetation of depleted ranges, timber marketing, opportunities for rental or acquisition of forest lands, etc., and is made up of farmers' bulletins and leaflets, technical and research notes, map folders, printed fire control precautionary measures, and other duplicated statements for which experience has indicated a steady demand.

Category 2 consists of administrative and operational mailings involving the business of the Forest Service which is decentralized to more than 700 ranger district offices, 135 supervisor offices, 10 regional offices, 13 research stations, 25 nurseries and 81 research substations, and over 100,000 timber sale, grazing and special use permittees.

FOREST ROADS AND TRAILS

Appropriation Act, 1948	$16,300,000
Budget estimate, 1949	15,050,000
Decrease, 1949 (Reduction in the level of the forest road development for 1949)	- 1,250,000

PROJECT STATEMENT

Project	1947	1948 (estimated)	1949 (estimated)	Increase or decrease
1. Forest highways	$13,742,728	$5,300,000	$5,300,000	- -
2. Forest road development	12,824,563	11,000,000	9,750,000	-$1,250,000
Total obligations	26,567,291	16,300,000	15,050,000	-1,250,000
Net adjustments	-353,069	- -	- -	
Total appropriation or estimate	26,214,222	16,300,000	15,050,000	

DECREASE

(1) The decrease of $1,250,000 in "Forest road development" will be met by a general curtailing of obligations for this program in 1949. Of the $9,750,000 proposed in the estimates for 1949, $7,500,000 will be allocated for the maintenance of existing roads and trails. The balance of $2,250,000 will be required for construction of approximately 225 miles of roads to now inaccessible bodies of mature and overmature timber.

ITEMIZATION OF ESTIMATES

Appropriation: Forest Roads and Trails, Forest Highways

Funds Available for Obligations

Item	Estimate, 1948	Budget Estimate, 1949	Increase (+) or decrease (-)
Appropriation or Estimate	$5,300,000	$5,300,000	- -
Prior year balance available	41,533	- -	-$41,533
Total obligations (inclusive of prior year balance available)	5,341,533	5,300,000	- 41,533

Obligations by Objects

Standard Classification	Estimate 1948	Budget Estimate 1949	Increase (+) or decrease (-)
01 Personal services	$80,000	$80,000	- -
02 Travel	2,500	2,000	-$500
04 Communication services	100	- -	- 100
05 Rents and utility services	6,000	3,000	-3,000
07 Other contractual services	5,215,000	5,215,000	- -
08 Supplies and materials	27,900	- -	-27,900
09 Equipment	10,033	- -	-10,033
Grand total obligations	5,341,533	5,300,000	-41,533
1947 balance available in 1948	-41,533	- -	- -
Total available (exclusive of prior year balance available)	5,300,000	5,300,000	- -

Appropriation: Forest Roads and Trails, Forest Road Development

Funds Available for Obligation

Item	Estimate, 1948	Budget Estimate, 1949	Increase (+) or decrease (-)
Appropriation or estimate	$11,000,000	$9,750,000	-$1,250,000
Prior year balance available	211,493	- -	-211,493
Reimbursements for services performed	75,000	75,000	- -
Payments received from non-Federal sources	25,000	25,000	- -
Total obligations (inclusive of reimbursements, payments from non-Federal sources, and prior year balance available)	11,311,493	9,850,000	- 1,461,493

Obligations by Objects

Standard Classification	Estimate 1948	Budget Estimate 1949	Increase (+) or decrease (-)
01 Personal services	$6,235,393	$5,761,000	-$474,393
02 Travel	112,000	105,000	-7,000
03 Transportation of things	125,000	110,000	-15,000
04 Communication services	19,000	17,000	-2,000
05 Rents and utility services	60,000	58,000	-2,000
07 Other contractual services	335,000	248,900	-86,100
08 Supplies and materials	2,500,000	2,100,000	-400,000
09 Equipment	1,375,000	1,300,000	-75,000
10 Lands and structures	550,000	150,000	-400,000
13 Refunds awards and indemnities	100	100	- -
Grand total obligations	11,311,493	9,850,000	-1,461,493
Reimbursements for services performed	-75,000	- 75,000	- -
Payments received from non-Federal sources	-25,000	- 25,000	- -
1947 balance available in 1948	-211,493	- -	+211,493
Total available (exclusive of reimbursements, payments from non-Federal sources, and prior year balance available)	11,000,000	9,750,000	-1,250,000

STATUS OF PROGRAM

FOREST ROADS AND TRAILS

Forest Highways

Current Activities. Section 23 of the Federal Highway Act of 1921 (42 Stat.221) provides that appropriations shall be for two classes of Forest Roads. One of these classes is the Forest Highways that are of primary importance to the States, counties and communities within or adjacent to the National Forests. These roads serve public traffic. They are sections in State and county systems - 80 percent of the mileage being on the Federal Aid and the primary State highway systems.

The Forest Highway system includes 23,410 miles of which 54 percent is in the West.

Of the approximately $537 million expended on Forest Highways through the fiscal year 1946, about $156 million or less than 30 percent was Forest Highway funds. About $115 million or 21 percent was other Federal funds. About 49 percent of the expenditure has been financed by other than Federal funds, mostly from the States.

The general plan for improvement of Forest Highways involves about 13,100 miles of grading and 15,300 miles of surfacing at an estimated cost of approximately $560 million. It would take over 22 years to complete the work with an annual construction budget of $25 million. This estimate does not take into account the deterioration and obsolescence of the highways over a 22-year period, which may be expected to add considerable reconstruction and resurfacing to maintain reasonable highway transportation service.

During the fiscal year 1947 approximately 373 miles of Forest Highways were maintained by the Federal government. About 253 miles of this maintenance was done on roads in Alaska. In the States, Forest Highways are ordinarily turned over to the State for maintenance after two years following completion of construction. The two-year period provides for the correction of slides and the like that may immediately follow construction work and which constitute an abnormal maintenance load.

On June 30, 1947 construction work was under way on 403.7 miles and during the year work was completed on projects totaling 107.5 miles.

Current Progress. The Federal Highway Act of 1944 authorized $25 million for Forest Highways for each of the fiscal years, 1946, 1947 and 1948. The authorizations for the three years have been apportioned by States and the State Highway Departments notified. Projects have been selected under the authorizations for 1946 and 1947, and location surveys and plans are completed, ready for contracting. Construction is held up because only $9,800,000 has been appropriated from these authorizations.

These Forest Highways form essential links in the Federal-Aid and State systems within and adjacent to the National Forests. Great quantities of timber have been hauled from Forest areas since the beginning of the war; most of it has started toward its final destination over timber access roads but practically all has emerged from and over the main Forest Highways. The numerous and extremely heavy truck loads have been highly damaging to many Forest Highways. Increased traffic service is also occasioned by the expanded construction program of Forest Development Roads tributary to the Forest Highway system concentrated on truck hauling of Forest products. Improvement of Forest Highways which are links in State and county Highway systems is lagging far behind the work on the connecting highways.

Deterioration and obsolescence of the highways are constantly adding to the work that must be done to maintain a reasonable transportation service.

Forest Development Roads and Trails

Current Activities: One of the two classes of Forest Roads provided for by Section 23 of the Federal Highway Act of 1921 (42 Stat. 221) is a system primarily important for the protection, administration, and utilization of National Forest resources. These are known as Forest Development Roads and Trails. They serve the property rather than the inter-community and through traffic. The roads are of lower standard than Forest Highways and generally have earth or gravel surfaces. The horse and foot trails are primarily for protection against fire.

The appropriation for Forest Development Roads and Trails in the fiscal year 1948 was $11 million. Maintenance is under way at an estimated cost of over $7 million. Maintenance will be accomplished on about 75,000 miles of roads and 110,000 miles of trails. The work this year includes the replacement of about 400 old timber bridges at a cost of approximately $1,450,000. Gravel surfacing must be replaced on at least 600 miles of road at a cost of about $500,000.

After financing the essential maintenance that must be done to preserve the investment in the roads and trails and to serve the traffic over them, there will remain less than $4 million for construction. This will be used primarily for the construction or reconstruction of about 400 miles of the most urgent timber access roads.

Current Progress:

Status of Development Road and Trail System

	Per-cent	Miles	Miles per sq. mi. gross area	Estimated cost to complete
DEVELOPMENT ROADS				
Satisfactory Standard	39	53,438	0.15	-
Unsatisfactory Standard	34	46,976	0.13	$145,400,000
Non-existing	27	37,753	0.10	302,000,000
Total Required	100	138,167	0.38	447,400,000
TRAILS				
Satisfactory Standard	53	88,015	0.25	-
Unsatisfactory Standard	34	56,054	0.16	12,295,000
Non-existing	13	21,076	0.06	10,538,000
Total Required	100	165,145	0.47	22,833,000
Total for Development Roads and Trails				$470,233,000*

*The estimated costs are based on pre-war prices.

PASSENGER MOTOR VEHICLES

Replacements: It is proposed to replace 12 cars in the fiscal year 1949. All of these cars will be more than 6 years old on June 30, 1948 and the average mileage will be in excess of 50,000 miles. These vehicles have been operated under practically all conditions of use but a large portion of the mileage has been over rough mountain roads.

FLOOD CONTROL, DEPARTMENT OF AGRICULTURE

Appropriations, 1948 (including supplemental)	$3,000,000
Budget Estimate, 1949	9,000,000
Increase, 1949 (direct appropriation)	$6,000,000

Note:--Although an increased appropriation of $6,000,000 is requested for this item in 1949, it is estimated that there will be an increase of only $3,228,242 in total funds available due to availability of prior year balances of $2,771,758 in fiscal year 1948.

SUMMARY OF INCREASES, 1949
(on the basis of available funds)

For preparing preliminary examination and survey reports ...	+$695,328
To install works of improvement on eleven authorized watersheds	+2,524,914
For transfer to Office of Solicitor for increased legal services incident to flood control activities	+8,000

PROJECT STATEMENT
(Reflecting available funds)

Project	1947	1948 (estimated)	1949 (estimated)	Increase
1. Preliminary examinations and surveys	705,374	1,375,172	2,070,500	+695,328 (1)
2. Works of improvement	2,042,534	4,377,586	6,902,500	+2,524,914 (2)
Transferred to:				
"Salaries and expenses, Office of Secretary of Agriculture"	11,000	11,000	11,000	- -
"Salaries and expenses, Office of Solicitor"	8,000	8,000	16,000	+8,000 (3)
Total obligations	2,766,908	5,771,758	9,000,000	+3,228,242
Prior year balance available in 1947 ..	-3,438,666	- -	- -	
1947 balance available in 1948	+2,771,758	-2,771,758	- -	
Total appropriation or estimate	2,100,000	3,000,000	9,000,000	

INCREASES

The increase of $3,228,242 in estimated obligations under this item in 1949 as compared with 1948 consists of the following:

(1) An increase of $695,328 under the project "Preliminary examinations and surveys." The funds available will be used to prepare preliminary examination and survey reports on watersheds where serious damage has occured to agricultural and other interests, and above flood control and other dams being constructed on various rivers, as a basis for authorized programs of watershed improvement in aid of flood control.

The watershed improvement programs, outlined and recommended in survey reports, consist of land treatment measures and minor works to reduce flood and sediment damage. They are designed to increase the infiltration capacity of watershed lands so greater amounts of water can be temporarily stored in the soil, to stabilize gullies, field waterways and small stream channels so the run-off from watersheds will be retarded and controlled on its way to the rivers and larger waterways and to prevent erosion so the silt load of streams and the rate of sedimentation of reservoirs will be reduced.

Watershed works of improvement cannot be initiated on additional watersheds which the Congress has authorized for examination and survey until survey reports on them have been completed and programs of watershed improvement have been approved and authorized for installation by the Congress.

During the fiscal year 1949, preliminary examination or survey work is contemplated to be under way on the following watersheds, although if the situation with respect to relative urgency of watersheds changes materially some adjustment in selection of watersheds or grouping of watersheds may be necessary:

Allegheny (N.Y., Pa., Ohio)
Big Blue (Kan., Neb.)
Big Sioux (S. Dak., Iowa)
Brazos (Texas)
Des Moines (Iowa, Minn.)
Elkhorn (Neb.)
Gallatin (Mont., Wyo.)
Gasconade (Mo.)
Grand (Mo.)
Green (Ky., Tenn.)
Jefferson (Mont.)
Kanawha (N. C., Va., W. Va.)
Kansas (Kan.)
Lake Pontchartrain & Tribs. (La., Miss.)
Lehigh (Pa.)
Little (Okla., Ark.)
Mad (Ohio)
Madison (Mont., Wyo.)
Missouri Headwaters (Mont.)
Monongahela (W. Va., Pa.)
Nishnabotna (Iowa)
Obion (Tenn.)
Ohio, Upper (Pa., Ohio, W. Va.)
Osage (Kan., Mo.)
Ouachita (Ark., La.)
Red, Upper (N. Mex., Tex., Okla.)
Republican (Col., Kan., Neb.)
Rio Grande (N. Mex.)
Salinas (Calif.)
Sandy (Ore.)
San Diego (Calif.)
Sangamon (Ill.)
Santa Clara (Calif.)
Savannah (Ga., S. C., N. C.)
Scioto-Sandusky (Ohio)
Smith (Mont.)
Sun (Mont.)
So. Platte, Upper (Colo.)
Trinity (Special Survey) (Tex.)

Missouri, Above Garrison Dam (Mont., N. D.)
Missouri & Minor Tribs., Platte to Kansas (Neb., Kan.)
Ventura (Calif.)
Virgin (Nev., Ariz., Utah)
White, East Fork (Ind.)
White, Lower (Ark., Mo.)
Willamette (Ore.)
Yakima (Wash.)

In addition, survey work is expected to be completed on most of the following watersheds that are not completed in the fiscal year 1948:

Arkansas, Lower (Ark., Okla.)
Boise (Idaho)
Canadian (Okla., Tex.)
Cherry Creek (Colo.)
Concho, South (Tex.)
Concho, North (Tex.)
Connecticut (Vermont, N. H.)
Fountain Creek (Colo.)
Galena (Ill., Wisc.)
Grand Neosho (Mo., Ark., Kan., Okla.)
Gila, Lower (Ariz.)
Gila, Upper (Ariz.)
Homochitto-Buffalo (Miss.)
Indian Creek (Iowa)
Kickapoo (Wisc.)
Little (Tex.)
Merrimac (N. H., Mass.)
Missouri & Minor Tribs.- Below Niobrara (Neb.)
Mojave (Calif.)
Ohio, Lower (Ind., Ill., Ky.)
Pecos (N. Mex., Tex.)
Pee Dee (N. C., S. C.)
Platte, South, Upper (Colo.)
Queen Creek (Ariz.)
Roanoke (Va., N. C.)
Root (Minn.)
Salt Fork (Okla., Kan.)
San Gabriel (Calif.)
Santa Ana (Calif.)
Santa Maria (Calif.)
Sevier Lake (Utah)
Sny (Ill.)
Walla Walla (Wash., Ore.)
Wasatch Front (Utah)
White, Upper (Ark., Mo.)
Whitewater (Minn.)
Willow Creek (Ore.)
Youghiogheny (Pa., Md., W. Va.)

The preliminary examination and survey field work is done by a minimum number of field parties, with appropriate technicians and specialists in various lines of work employed as needed and assigned in accordance with the problems of specific watersheds, working out of field offices of the Soil Conservation Service and selected Forest and Range Experiment Stations. A small staff in Washington develops operating policy and procedure, reviews field reports, assures coordination of the Department's program with proposed plans of the Corps of Engineers and of other concerned Federal agencies, and assists in putting reports in final form for submission to the Congress.

The preliminary examination reports contain such information as is necessary to determine whether watershed treatment programs, under the flood control acts, appear to be justified and whether surveys of watersheds should be made.

The survey reports depict the characteristics of watersheds; describe their flood histories and erosion and sedimentation conditions; provide estimates of flood and related damages; give recommendations for remedial programs and indicate the expected reductions in flood and related damages; and include monetary estimates of the benefits to be derived from and an estimate of the cost of installing recommended programs.

(2) An increase of $2,524,914 under the project "Works of Improvement". The funds available will be used to help install measures for run-off and waterflow retardation and soil erosion prevention in aid of flood control in the 11 watersheds listed in Table I for which watershed improvement programs were authorized by the Flood Control Act of 1944, as amended.

The Department is carrying on, during the fiscal year 1948, work in the construction and installation of run-off and waterflow retardation and soil erosion prevention measures in aid of flood control. Work plans have already been developed as a basis for this, and for additional work to be done in the fiscal year 1949. The watersheds upon which this work will be done are listed in Table I, which indicates also the estimated extent of the work to be done during the fiscal years 1948 and 1949 by the Forest Service and the Soil Conservation Service, the two agencies of the Department which handle the works of improvement program.

(3) An increase of $8,000 in the amount of the transfer to "Salaries and expenses, Office of the Solicitor" to cover necessary legal expenses in connection with the flood control activities.

(see next page)

TABLE NO. 1

Progress in Carrying Out Authorized Watershed Improvement Programs Through Fiscal Year 1947 and Estimated Obligations, Fiscal Years 1948 and 1949, Under the Appropriation FLOOD CONTROL, Department of Agriculture, For Watershed Works of Improvement

Watershed and Total Number of Years to Complete Installation	Total Estimated Federal Cost of Authorized Improvements	Estimated Cumulative (Federal) Obligations Through F.Y. 1947	Estimated Obligations F. Y. 1948			Estimated Obligations F. Y. 1949		
			FS	SCS	Total	FS	SCS	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Buffalo Creek (N.Y.) ..... (18)	2,581,400	63,596	4,000	60,922	64,922	-- --	297,400	297,400
Potomac (Pa., Va., Md., W. Va.) ..... (24)	859,000	53,643	34,508	41,352	75,860	15,000	89,000	104,000
Coosa (Ga., Tenn.) ..... (20)	1,233,000	75,149	-- --	39,441	39,441	-- --	84,000	84,000
Little Tallahatchie (Miss.). (20)	4,221,000	34,144	53,388	116,958	170,346	19,000	99,100	118,100
Yazoo (Miss.) ..... (20)	21,700,000	93,500	17,100	192,751	209,851	9,000	348,000	357,000
Little Sioux (Iowa, Minn.).. (15)	4,280,000	226,058	-- --	1,167,470	1,167,470	-- --	1,187,400	1,187,400
Middle Colorado (Tex.) ..... (20)	2,693,000	145,058	-- --	82,572	82,572	-- --	223,500	223,500
Trinity (Tex.) ..... (15)	32,000,000	826,645	-- --	624,675	624,675	-- --	2,162,750	2,162,750
Washita (Okla., Tex.) ..... (15)	11,243,000	495,202	-- --	1,016,728	1,016,728	-- --	1,056,400	1,056,400
Los Angeles (Calif.) ..... (10)	8,380,000	1,476,739	680,702	193,163	873,865	769,850	271,600	1,041,450
Santa Ynez (Calif.) ..... (10)	434,000	50,995	-- --	51,856	51,856	123,300	147,200	270,500
Emergencies 1/	-- --	121,486	-- --	-- --	-- --	-- --	-- --	-- --
Total	89,624,400	3,662,215	789,698	3,587,888	4,377,586	936,150	5,966,350	6,902,500

1/ Use of Flood Control funds to safeguard lives and property from floods and products of erosion on watersheds suddenly impaired by fire or other natural force was authorized by section 7 of the Flood Control Act of 1938, as amended.

CHANGES IN LANGUAGE

The estimates include proposed changes in the language of this item as follows (new language underscored, deleted material enclosed with brackets):

Change
No.

Flood control: * * * Provided further, That allocations of funds
1 for the fiscal years [1947] 1948 and [1948] 1949 for works of improvement on individual watersheds shall be in the respective amounts set forth in the Department's budget justifications to the House Appropriations Committee and shall not be decreased except as may be necessary by reason of a decrease in the estimates of available prior year balances [:Provided further, That not less
2 than $500,000 of the funds hereby appropriated shall be allocated to the watersheds of the Upper Mississippi, Missouri, and Ohio
3 Rivers and their tributaries] or to carry out emergency measures authorized by section 7 of the Act of June 28, 1938 (52 Stat. 1225), as amended.

[Flood control: For an additional amount for "Flood control", $2,000,000 to remain available until expended, to be available for preliminary examinations and surveys (in an amount not exceeding $100,000) and works of improvement in the watershed of the Mississippi River and its tributaries.]

The first change substitutes the year 1948 for 1947, and the year 1949 for 1948 to carry forward one year the provision inserted in the 1948 Act for works of improvement on individual watersheds.

The second change deletes the provisions inserted in the Department of Agriculture Appropriation Act, 1948, and the Supplemental Appropriation Act, 1948, pertaining to the amount of funds to be expended in the watersheds of the Upper Mississippi, Missouri, Ohio and Mississippi Rivers and their tributaries. As these provisions apply only to the funds provided for the fiscal year 1948, their retention in the language is no longer necessary.

The third change modifies the proviso relating to decrease of allocations so that it does not continue to nullify the provisions of the basic flood control laws relating to undertaking emergency measures that may be needed to safeguard lives and property from floods and products of erosion, where a fire or other natural element or force has caused a sudden impairment of a watershed, by preventing the Department from using any of the funds appropriated for the prosecution of works of improvement for such emergency measures. The Flood Control Acts authorize the expenditure of not to exceed $100,000 of such funds during any one fiscal year for such measures. (See Section 15 of the Act of December 22, 1944, Public Law 534 - 78th Congress, which amends Section 7 of the Act of June 28, 1938, Public Law 761 - 75th Congress.) On several occasions in past years, fires have destroyed the vegetative cover on critical watershed areas in California and Idaho. By quick seeding of burned-over areas by mustard and other

adaptable, quick-growing plants, it has been possible to develop in a brief time sufficient vegetative cover to prevent serious erosion and run-off when rains occurred. The Department wishes to be in a position to act quickly in similar cases under the above cited authority if they occur in the future.

ITEMIZATION OF APPROPRIATION REQUEST

Appropriation: Flood Control, Department of Agriculture

Funds Available for Obligation

Item	Estimate, 1948	Budget Estimates, 1949	Increase(+) or decrease (-)
Appropriation or estimate	$3,000,000	$9,000,000	+$6,000,000
Prior year balance available	2,771,758	- -	-2,771,758
Transferred to:			
"Salaries and expenses, Office of Secretary of Agriculture"	-11,000	-11,000	- -
"Salaries and expenses, Office of Solicitor, Department of Agriculture"	-8,000	-16,000	-8,000
Reimbursements for services performed	8,300	8,300	- -
Total available for obligations (inclusive of reimbursements)	5,761,058	8,981,300	+3,220,242

Obligations by objects

Standard Classification			
01 Personal services	$2,676,840	$4,046,291	+$1,369,451
02 Travel	201,000	315,787	+114,787
03 Transportation of things	40,760	56,225	+15,465
04 Communication services	15,435	22,412	+6,977
05 Rents and utility services	55,700	78,010	+22,310
07 Other contractual services	1,582,880	2,527,400	+944,520
08 Supplies and materials	571,943	883,366	+311,423
09 Equipment	248,800	566,809	+318,009
10 Lands and structures	332,500	470,000	+137,500
11 Grants, subsidies and contributions	35,200	15,000	-20,200
Grand total obligations	5,761,058	8,981,300	+3,220,242
Reimbursements for services performed	8,300	8,300	
Total available (exclusive of reimbursements)	5,752,758	8,973,000	

Status of Program

Objective: Pursuant to the Flood Control Act of 1936, as amended, to carry out the responsibilities of the Department of Agriculture in conducting authorized investigations and surveys of designated watersheds and in applying measures and in constructing works of improvement for run-off and waterflow retardation and soil erosion prevention in the interest of flood control.

General: The Flood Control Act of 1936 gave recognition to destructive floods as a menace to the national welfare; to the need for investigations and improvements of the watersheds of rivers and other waterways in the interest of the general welfare; and to the need for the Federal Government to improve or participate in the improvement of such watersheds for flood control purposes. It provided that Federal investigations of watersheds and measures for run-off and waterflow retardation and soil erosion prevention on watersheds would be under the direction of and prosecuted by the Secretary of Agriculture. It and later amendatory and supplementary acts authorized the examination and survey of the watersheds of a large number of rivers and waterways.

The Act recognized that, in conducting a watershed treatment program on any watershed or subwatershed in the interest of flood control, the Secretary of Agriculture might find it necessary to utilize certain land treatment and water control measures of the kinds applied on a national basis under other programs but which, for flood control purposes, would be carefully correlated and combined with other needed measures and intensively applied on a watershed or subwatershed basis to attain specific waterflow and run-off retardation and erosion prevention objectives. It, accordingly, provided that the authority conferred by the Act and any funds appropriated pursuant thereto would be supplemental to all other authority and appropriations relating to the Department of Agriculture and that the Act should not be construed to limit or retard the Department in carrying out similar and related activities previously or later authorized or to limit the exercise of powers conferred on the Department by other provisions of law in carrying out similar and related activities.

Watershed Treatment to Reduce Floodwater and Sediment Damage: Accelerated and excessive run-off from watersheds of streams results in floods and erosion causing loss of life and human suffering; impairment of soil productivity; damage to improvements, crops, livestock, and equipment; loss of fertile soil and of usable water resources; siltation of reservoirs, channels, and ditches; and impairment and obstruction of highways, railroads, navigation, and other channels of commerce.

A reduction in flood damage can be obtained by watershed treatment. Such treatment includes the wise use of land and measures to bring this about, the care and protection of natural vegetation, revegetation of denuded areas, control of fire and grazing, use of proper cutting

and logging practices, wise husbandry of the soil, proper selection of crops, and the use of crop rotations, the use of supplemental engineering devices, and the application of other measures and practices to forests, pastures, and croplands. Work of the Department has demonstrated that such treatment will benefit both the public as a whole and the landowner. Examinations and surveys of authorized areas, looking toward such watershed treatment work, were started by the Department in 1936 and continued until 1943 when they were suspended because of the war.

Progress and Plan of Work: Over 600 watersheds have been authorized by the Flood Control Acts for preliminary examination and survey. The Department has completed preliminary examinations of 159 watersheds, or portions of watersheds, and has completed surveys of 18. The Flood Control Act of December 22, 1944 authorized programs of improvement set forth in the survey reports on 11 specified watersheds.

Survey work is under way on the 32 watersheds upon which some work was done prior to the war, and preliminary examinations or surveys have been started or are planned on 56 others. A start has been made in the installation of works of improvement on each of the 11 watersheds for which such programs have been approved.

The Department plans to make surveys of watersheds where preliminary examinations indicate sufficient flood and sediment reduction benefits to warrant such action and to examine other authorized watersheds as funds are made available. It also plans to progress with the installation of works of improvement on the 11 watersheds where such programs have been approved in accordance with the schedules contained in the approved reports to the extent that funds are provided.

In view of the important protective relationship of watershed works of improvement to flood control and other works in stream channels now installed, authorized and contemplated by the Corps of Engineers and other public agencies and of the critical need for protection of farm lands, improvements, crops and other property from flood and sedimentation damage, the Department wishes to come abreast, at the earliest possible time, of complementary work in the stream channels by the Corps of Engineers, Department of the Army, and to provide what protection it can to upstream areas.

In the conduct of their work, the Departments of the Army and of Agriculture are continuing to integrate their examinations and surveys under the Flood Control Acts as they have done in the past and so achieve a maximum of coordination in both planning and action. Integration is also continuing with other agencies, Federal, State and local.

SOIL CONSERVATION SERVICE

Summary of Appropriations, 1948 and Estimates, 1949

Item	Appropriations, 1948	Budget estimates, 1949	Increase (+) or decrease (-)
Salaries and expenses:			
Soil conservation research....	$1,048,000	$1,048,000	- -
Soil conservation operations..	38,000,000	38,000,000	- -
Total, salaries and expenses	39,048,000	39,048,000	- -
Land utilization and retirement of submarginal land (Title III, Farm Tenant Act).....	1,600,000	1,564,000	- 36,000
Payments to counties, submarginal land program (permanent).....	206,000	206,000	- -
Water conservation and utilization projects	a/	a/	- -
Total.....	40,854,000	40,818,000	- 36,000
Deduct permanent appropriation:			
Payments to counties, submarginal land program.....	206,000	206,000	- -
Total, direct annual appropriation	40,648,000	40,612,000	- 36,000

a/ Financed from prior year balances.

(a) Soil Conservation Research

Appropriation Act, 1948	$1,048,000
Budget estimate, 1949	1,048,000
Change, 1949	- -

PROJECT STATEMENT

Project	1947	1948	1949
1. Erosion control investigations	$805,473	$615,900	$615,900
2. Drainage and water control investigations in humid areas	337,551	264,700	264,700
3. Irrigation and water conservation investigations in Western areas	184,313	133,100	133,100
4. Water regulation investigation to conserve the soil and reduce fire hazards in the Everglades region of Florida	71,782	34,300	34,300
Unobligated balance	23,881	- -	- -
Total available	1,423,000	1,048,000	1,048,000
Transferred from "Exportation and domestic consumption of agricultural commidities, Department of Agriculture" (for Pay Act Costs)	- 145,000	- -	- -
Total appropriation or estimate	1,278,000	1,048,000	1,048,000

ITEMIZATION OF ESTIMATES

Appropriation: Soil Conservation Research

Funds Available for Obligation

Item	Estimate, 1948	Budget Estimates, 1949	Increase (+) or decrease (-)
Appropriation or estimate	$1,048,000	$1,048,000	- -
Reimbursements for services performed	1,000	1,000	* -
Payments received from non-Federal sources	15,500	15,500	- -
Total obligations (inclusive of reimbursements)	1,064,500	1,064,500	- -
Obligations by Objects			
Standard Classification			
01 Personal services	$946,000	$942,000	- $4,000
02 Travel	33,000	33,000	- -
03 Transportation of things ...	2,400	2,400	- -
04 Communication services	6,400	6,400	- -
05 Rents and utility services ..	10,500	10,500	- -
07 Other contractual services ..	22,400	22,400	- -
08 Supplies and materials	33,800	33,800	- -
09 Equipment	10,000	14,000	+ 4,000
Grand total obligations ..	1,064,500	1,064,500	
Reimbursements for services performed.....	1,000	1,000	
Payments received from non-Federal sources	15,500	15,500	
Total available (exclusive of reimbursements).....	1,048,000	1,048,000	

STATUS OF PROGRAM

Current Activities:

Need for Continuous Research Program

Studies are being carried on to determine the character, causes, effects, and extent of soil erosion and water loss under varying conditions and to develop, adapt, and improve conservation farming practices and methods which will adequately protect the land and water resources of the nation. Farming the conservation way means treating each acre according to its individual needs and using the land in accordance with its capabilities. Obviously the Soil Conservation Service program of assisting farmers and ranchers in conservation districts to plan and apply conservation, requires constant efforts to find more effective and efficient ways to do the job. Solutions must be found also for the new soil, water, and land-use problems encountered from day to day in field operations. New work areas often pose additional problems for which answers have not been developed.

Steps in Developing Conservation Practices

Developing and improvement of conservation practices is accomplished in the following three steps:

1. Laboratory and plot work to develop basic information
2. Experiment Station field scale trials of practices
3. Adaptation and testing of practices for application over extensive areas.

The third step is carried out in close cooperation with the "Operations" staff. Successful practices developed are incorporated into the regular soil and water conservation programs of the Service.

Work is Cooperative

The research program is also closely coordinated with the State Experiment Stations and other Department of Agriculture agencies. The State agencies, by agreement with the Secretary of Agriculture, cooperate with the Soil Conservation Service in conducting basic research investigations. In most cases they provide the land, laboratories, office facilities, and technical collaboration as part of their cooperation. All of the research work of the Service is correlated with that of the Agricultural Research Administration of the Department, thus avoiding duplication and assuring desirable cooperation with other bureaus on related conservation problems.

General Field of Research Activity

The three general fields of soil and water conservation research being conducted are outlined below:

1. Erosion Control. The work conducted in this field includes:

   a. Development of vegetative and mechanical means of controlling erosion and conserving soil moisture

   b. Studies of soil deterioration by erosion and other causes, and development of protective treatments

   c. Development of improved soil tillage techniques and cropping systems

   d. Development of specialized protective measures for areas that are too steep for ordinary farming methods

   e. Study of erosion-resisting characteristics of crop plants

   f. Studies of the effects of crops, cropping systems, climate, and wind upon soil and water loss, and development of control measures

   g. Investigations to determine the effects of conservation farming upon the farmers' income and living standards.

2. Drainage and Water Control. The work conducted in this field includes:

   a. Investigations to develop, test, and improve methods, materials, devices and equipment for drainage of agricultural lands

   b. Studies to determine the relation of water runoff, soil erosion, and flood flow to physiographic and climatological conditions of the drainage area and to land-use and farming practices

   c. Development of safe hydraulic designs for water-control structures

   d. Studies to devise means for controlling sedimentation in reservoirs and on valley lands

   e. Development of water management facilities to control soil subsidence.

3. Irrigation and Water Conservation. The work conducted in this field includes:

   a. Development of engineering principles and methods of controlling, developing, storing, and conserving irrigation water supplies.

b. Development of means of preventing erosion, siltation, and accumulation of alkali on irrigated lands

c. Development and improvement of farm irrigation systems and structures

d. Development of drainage systems for irrigated land

e. Development of efficient water utilization practices

f. Snow survey investigations and analyses to enable forecasting of irrigation water supplies.

Selected Examples of Recent Progress:

Effective Pasture Treatments

Bluegrass pastures in Wisconsin that were renovated with a field cultivator and seeded to alfalfa-brome mixtures, have given 60 percent increase in yield over untreated pastures. This plowless method of pasture renovation is carried out with practically no soil loss. Regulated grazing must be practiced to prolong the productive life of the alfalfa and brome.

Grazing on short-grass range areas in the West has been improved by pitting the soil and seeding the mid-grasses such as crested wheat. During a five-year test period in Wyoming pitted pastures carried an average of one-third more sheep than untreated pastures. In 1946 the pitted pastures carried 40 percent more sheep and had 60 percent more vegetative cover left at the end of the season to protect the soil from erosion than did the untreated areas.

Mulching to Protect Soil

Farming systems which make use of crop residues and cover crops to protect the soil surface from the erosion action of rain, running water, and wind have been tested and adapted to field use in many parts of the country. In this connection it has been necessary to develop subsurface tillage tools and equipment that will leave the plant residues on the surface of the soil to protect it from erosion, make a desirable seedbed, and not seriously hamper seeding, cultivating, or harvesting operations.

The value of legumes in the cropping system as a means of developing the most satisfactory stubble mulch is being shown by each year's experiments in Nebraska. For example, at Lincoln, after two years of sweet clover, the corn yield was 5 bushels greater and Kafir 14 bushels greater per acre from stubble mulch subtilling than from plowing whereas on non-legume land corn yield was 12.5 bushels more on the plowed land than on the subtilled land. Similar results with corn were also obtained at Hastings, Nebraska.

Crop Rotation Increases Yields

Land in Iowa that has been cropped to corn each year since 1931 yielded 27.2 bushels per acre in 1946. Part of the same land farmed under a rotation of corn-oats-meadow yielded 86 bushels. In 1943 a part of the land in continuous corn was planted to the corn-oats-meadow rotation. The yields jumped from 27.2 bushels to 70 bushels per acre by 1946. Thus, the influence of a single rotation increased the corn-producing ability of the eroded land so greatly that at the end of the three-year rotation it produced as much corn in one year as it formerly did in three years where it was kept in continuous corn culture.

Splash Erosion

Splash erosion is one of several erosion processes that have been found to be very harmful to cultivated fields. Recent investigations show there are two types of soil movement caused by rain storms, rain-drop splash and surface flow. Rain-drop splash is the principal cause of sheet erosion which removes top soil from the surface of an entire field. When falling rain drops beat on bare land they tear small bits of soil loose, splashing them several inches or even several feet into the air. Amounts of soil splashed will depend upon the power of falling rain drops as they strike the soil surface, the soil erodibility, and the protection that is afforded by vegetative and plant residue cover. Studies made reveal that during severe storms more than 100 tons of soil per acre may be splashed. Methods are being developed for evaluating the quantities of splash erosion in various climatic and soil regions and to devise more effective methods for its control.

Economic Benefits of Conservation Farming

Benefits derived from conservation farming are being carefully considered and evaluated as practices are developed for practical use by farmers and ranchers. All recommended practices are checked for their beneficial effects in preventing soil deterioration or conserving moisture, and a positive conservation value equivalent found for each practice. Many of the practices have been shown to reduce labor costs, fuel costs, wear and tear on equipment, and to give substantial immediate increase in per-acre crop yields over ordinary practices. Studies show that crop-yield benefits become more and more evident with time after the practices are established.

Conservation Research Data Published

A farmers bulletin on the latest developments in the use of crop residues in the West and another on special conservation tillage practices in growing tobacco have been prepared for release this year. Bulletins on "Conservation Farming for Potato Lands", "Conservation Practices for Cotton Growers", and "Soil Moisture and Wheat Seeding in the High Plains"

are now in process of preparation. Over 100 technical papers have been published this year on special phases of conservation and several State bulletins have been prepared and published in collaboration with State Experiment Station technicians.

An Inexpensive Type of Drain

Investigations have been continued to determine where and under what conditions mole drains will be effective and economical. They are proving to be less costly to install but are less durable than tile drains. Studies conducted in Louisiana on land that had been graded and on which mole drains had been installed increased crop yields on sugar cane sufficiently to pay the cost of the work the first year. It is hoped that this type of drainage will prove suitable for many tight soils that require such close spacing of the drains as to make the cost of installing tile drains prohibitive.

Water Control in Muck Soils

Studies in Indiana of the effect on crop yields of controlling the elevation of the water table in muck soils indicates that the producers of truck crops on extensive areas of muck land may well afford to invest funds necessary for water control improvements. Measurements of the subsidence of drained muck lands show that loss of soil is closely related to the depth of the water table. Further studies may indicate that it is a good practice to maintain the water table above the point of maximum yields if the conservation of the soil is to be considered.

Need for Watershed Runoff Data

In order to properly design such improvements as terrace outlets, dam spillways, drop inlets, and drainage facilities, it is necessary to know the maximum rates of flow and amounts of runoff for which provision must be made. If structures are made larger than necessary money is wasted. If designed too small they frequently fail. The measurement of runoff from small agricultural watersheds in various sections of the country was continued during the year. The wide variation in climatic, topographic, and soil conditions throughout the country requires studies in a number of locations that are typical of various regions of the country. This data will be of particular value in farm pond construction which is so dependent on the expected flow from the particular watershed involved.

Control of Sediment in Reservoirs and Streams

In cooperation with the Corps of Engineers, War Department, studies were completed and a report prepared on reservoir-sedimentation investigations in San Joaquin and Sacramento River drainage basins, California.

A study was completed on the causes and effects of sedimentation in the water-supply reservoir at Decatur, Illinois. The report on this study has been published by the Illinois State Water Survey Division. An analysis was made of the hydrologic data of the Winooski River in Vermont to determine the effects of floods on bank-protective measures installed in this stream in 1935. A sedimentation re-survey was made of the Municipal Reservoir at Spartanburg, South Carolina to determine rate of sedimentation during the past ten years.

Irrigation Water Requirements

The frequency of irrigation and the amounts of water to apply at each irrigation differ widely with the type of crop, soil, climate, site conditions, and the length of the time land has been irrigated. Present investigations on the water requirements under different side conditions show that no general rule relative to the frequency and amount of water to apply will hold for large areas. Ultimately water requirements will have to be determined for each different site condition.

Canal Linings

A canal lining manual has been prepared based on studies conducted in this field. Discussions are included on the economics of canal lining, the methods of placement, and the advantages and disadvantages of each type. The types of linings discussed are as follows:

1. Earth (silt, loose earth, compact earth)
2. Stablized soil (bentonite, soil-cement, soil resin, soil-chemical)
3. Asphaltic oil (sprayed membrane, asphaltic concrete)
4. Concrete (monolithic, granite, precast)

Water Measuring Device

Research in the field of water measurement has emphasized the development of effective economical forms for construction of small Parshall measuring flumes. A portable form for six and nine-inch flumes has been perfected that has reduced the cost of installing these flumes to $15 to $20 which is considerably less than they can be constructed from wood or steel.

Sand Traps

Three types of sand traps have been developed in cooperation with the Colorado Experiment Station. Model tests of the Vortex Tube, the Riffle Van Tube, and the Riffle Deflector-vortex Tube were made in the laboratory.

Several interested canal companies have agreed to install full size field structures to permit the checking of these laboratory results under actual field conditions. One structure having a width of 100 feet and a capacity of 2,000 cubic feet of water per second will be constructed at Selma, California, with the technical assistance of research personnel.

Snow Survey Research

The snow survey research work is designed to improve the accuracy of stream-flow forecasts. When snow courses were first established they were long (50 to 100 observation points). Often many courses were established on a single watershed. Recent studies indicate that most of these courses can be shortened (10 to 20 observation points) and many courses eliminated without affecting the accuracy of the data. Accuracy of 1947 forecasts of stream flow based on snow surveys is shown in the following table:

Stream	Measuring Station	Forecast (acre feet)	Actual Flow (acre feet)
Columbia	The Dalles, Oregon	100,000,000	106,470,000
Kootenai	Leonia, Idaho	9,800,000	9,479,000
Salmon	Whitebird, Idaho	6,600,000	6,047,000
Snake	Moran, Wyoming	800,000	859,000
Snake	Heise, Idaho	3,350,000	3,397,000
Boise	Ahone Diversion, Idaho	1,900,000	1,903,000

Underground Storage of Water

Some successful work in spreading surface runoff for storage in underground aquifers has been done in the Central Valley of California. Surface waters that would ordinarily be lost through runoff are spread over gravel fans at the mouths of canyons. Because of differences in geology and soils, new methods and techniques of recharging the ground water basins will need to be developed for other areas.

Everglades Land-Use Recommendations Prepared

A report upon "Soils and Water Control in the Everglades Region" has been prepared which will be published by the Agricultural Experiment Station of Florida. It includes a classification of the soils according to their use capability, and makes recommendations concerning the use and management of the different kinds of soil in each class. It presents also a plan for the major water-control works needed, with estimates of their cost. The illustrations include maps showing the soils and their classification, and the recommended water-control works. Development of new

lands for farming is progressing rapidly, and publication of this report should be very helpful in directing development toward the better lands and in avoiding waste of effort and money in areas not suitable for cultivation.

Contributions on Everglades Work

Dade County, Florida, has levied an ad valorem tax for water-control improvements and is engaged in constructing improvements recommended on the Everglades Project by the Soil Conservation Service.

It is required that expenditures under this project "be limited to a sum not in excess of funds made available for such work by the State of Florida, or a political subdivision thereof." The following is a statement of the actual and anticipated contributions by such agencies compared with actual and proposed Federal obligations under this project:

	1947 Actual	1948 Estimate	1949 Estimate
Dade County Water Conservation Project	$244,884	$200,000	$200,000
Dade County Fire Control Unit	45,327	30,000	30,000
Everglades Fire Control District	67,391	50,000	50,000
Everglades Experiment Station	19,959	15,000	15,000
Everglades Drainage District	--	25,000	25,000
Total Expenditures by State Agencies	377,561	320,000	320,000
Total Federal Obligations	60,577	34,300	34,300

(b) Soil Conservation Operations

Appropriation Act, 1948	$38,000,000
Budget estimate, 1949	38,000,000
Change, 1949	- -

PROJECT STATEMENT

Project	1947	1948	1949
1. Soil and water conservation operations in conservation districts and in cooperation with other Federal and State Agencies	$41,784,459	$36,505,500	$36,505,500
2. Operation of conservation nurseries for the furnishing of plants for use in soil and water conservation operations	1,285,815	1,306,000	1,306,000
Allotted to: Bureau of Plant Industry, Soils and Agricultural Engineering	213,400	188,500	188,500
Unobligated balance	11,361	- -	- -
Total Available	43,295,035	38,000,000	38,000,000
Transferred to Salaries and expenses, Office of Information, Department of Agriculture	+ 4,247	- -	- -
Transferred from "Exportation and domestic consumption of agricultural commodities, Department of Agriculture" (for Pay Act Costs)	-3,999,282	- -	- -
Total appropriation or estimate	39,300,000	38,000,000	38,000,000

ITEMIZATION OF ESTIMATES

Appropriation: Soil Conservation Operations

Funds Available for Obligation

Item	Estimate, 1948	Budget Estimates, 1949	Increase (+) or Decrease (-)
Appropriation or estimate	$38,000,000	$38,000,000	- -
Allotted to Bureau of Plant Industry, Soils and Agricultural Engineering	-188,500	-188,500	- -
Reimbursements for services received	34,000	34,000	- -
Payments received from non-Federal sources	36,000	36,000	- -
Total obligations (inclusive of reimbursements)	37,881,500	37,881,500	- -

Obligations by Objects

Standard Classification			
01 Personal services	$32,000,000	$32,040,000	+$40,000
02 Travel	1,075,000	1,070,000	- 5,000
03 Transportation of things	215,000	209,000	- 6,000
04 Communication services	241,000	239,000	- 2,000
05 Rents and utility services	1,008,000	1,003,000	- 5,000
07 Other contractual services	1,173,000	1,167,000	- 6,000
08 Supplies and materials	1,642,000	1,626,000	-16,000
09 Equipment	525,000	525,000	- -
10 Lands and structures	2,500	2,500	- -
Grand total obligations	37,881,500	37,881,500	
Reimbursements for services performed	34,000	34,000	
Payments received from non-Federal sources	36,000	36,000	
Total available (exclusive of reimbursements)	37,811,500	37,811,500	

Appropriation: Salaries and Expenses Soil Conservation Service, (Allotment to Bureau of Plant Industry, Soils and Agricultural Engineering)

Funds Available for Obligation

Item	Estimate 1948	Budget Estimates 1949	Increase (+) or decrease (-)
Allotted from "Salaries and Expenses Soil Conservation Service" soil conservation operations	$188,500	$188,500	- -
Total Obligations	188,500	188,500	- -
Obligations by Objects			
Standard Classification			
01 Personal services	$160,000	$161,200	+ $1,200
02 Travel	11,500	11,500	- -
03 Transportation of things	300	300	- -
04 Communication services	300	300	- -
05 Rents and utility services	5,300	5,300	- -
07 Other contractual services	5,300	5,300	- -
08 Supplies and materials	2,800	2,800	- -
09 Equipment	3,000	1,800	- 1,200
Grand total obligations	188,500	188,500	- -

STATUS OF PROGRAM

Current Activities:

Cooperation in Getting the Conservation Job Done

Conservation districts throughout the nation (all 48 States, Alaska, Hawaii, Puerto Rico, and the Virgin Islands have adopted soil conservation districts legislation) are being assisted in developing and carrying out locally-adapted programs of soil and water conservation. This assistance furnished by the Soil Conservation Service includes:

1. The services of soil scientists who make the necessary physical inventories of the land to secure data (soil type, degree of slope, character and extent of erosion, present land use, etc.) needed to determine the use capabilities and conservation needs of each acre of land.

2. The services of soil conservationists, engineers, and other agricultural specialists and aides who help farmers and ranchers develop and apply individual conservation farm or ranch plans. (Soil and water conservation practices included in such conservation plans allow for the best possible use of the farmer's land, labor, equipment, and financial ability to do conservation farming on his land.)

3. The use of special equipment needed to facilitate establishment of conservation practices but which is of a kind that is beyond the purchase ability of an individual operator or for other reasons not readily available to the farmers and ranchers within the conservation district.

4. The grant of limited quantities of trees, new or improved strains of grass seed, and other planting materials which serve to control erosion and also have economic value.

5. In the Western States, streamflow forecasts — developed from snow surveys — which serve as a basis for efficient seasonal utilization of water available for irrigation and other purposes.

Limited assistance is also given to farmers and ranchers in areas outside conservation districts. The work is conducted in close cooperation with various other Federal and State agencies that have an interest and responsibility in furthering programs of soil and water conservation and sound land use. This cooperative effort is developing a better understanding locally of erosion and land-use problems and is encouraging more widespread adoption by farmers and ranchers of conservation farming methods.

The Job Ahead Based on Land Deterioration

A preliminary nation-wide survey of land conditions recently made, discloses a very urgent need for early action in getting effective conservation treatment applied on large areas where the permanency of agriculture is being threatened. The purpose of the survey was to classify the farm and ranch lands of the country according to the seriousness of soil deterioration caused by erosion and other factors and to determine a timetable for conservation treatment that would prevent their decline into lower use-capability classes. Land areas were classed in three groups as follows:

Group (A) Principal areas being damaged at a critical rate.
Group (B) Principal areas being seriously damaged [rates of damage not so rapid as in Group (A)].
Group (C) Lands being slowly damaged.

The following table shows the acreage in each group, the amount of land remaining in need of soil and water conservation treatment, and the time within which treatment should be completed.

Estimated Rates of Erosion and Land Damage

Cropland	Land in farms	Land treated to 6/30/47: In districts	Land treated to 6/30/47: Under Other SCS Programs	Land treated to 6/30/47: Total	Land remaining to be treated 6/30/47	Time treatment should be applied to minimize damage
acres (million)	acres (million)	acres (million)	acres (million)	acres (million)	acres (million)	years
	Group A. Principal areas being critically damaged					
115	255	22	8	30	225	10
	Group B. Principal areas being seriously damaged					
120	280	31	9	40	240	20
	Group C. Lands being slowly damaged					
216	607	12	3	15	592	20 a/
	Totals - All Groups					
451	1,142 b/	65	20 c/	85	1,057	—

a/ This land may not all need treatment within the 20-year period, but it is for the most part so closely associated with groups A and B that it would be impracticable to treat it separately. It would be most economical to cover all lands in the country needing treatment within 20 years.

b/ The timbered and grassed lands included in this figure will generally need less intensive treatment than the cultivated and some of the temporarily idle lands.

c/ Because of cancellations due to changes in ownership caused by death, sale of property, etc., and the inclusion of part of the work in the district accomplishments record, this figure has been reduced from 36 million acres that were originally recorded as treated under other programs to 20 million acres.

Selected Examples of Recent Activities:

Land Owners and Operators Organizing to Meet Responsibilities

There were 251 additional soil conservation districts, comprising about 120 million acres, organized during the past fiscal year. Land-owners and operators are still continuing to organize 15 to 20 additional districts each month. These locally-organized and locally-managed units of Government are exercising real leadership in getting the soil and water conservation job done. The success and permanency of the program depends not alone on the technical excellency of the work being done, but on a full understanding of it by the farmers and ranchers of the country and their willingness to accept responsibility for carrying it on in an effective manner. The following are a few examples of how district administration is being improved and responsibility accepted:

1. Districts are pointing out the need for conservation and are encouraging all farmers and ranchers to adopt conservation farming, thus lessening the time required by Soil Conservation Service technicians to explain the work.

2. Districts are providing a means of achieving more rapid and widespread adoption of conservation farming methods by placing responsibility on local voluntary group leaders to act as program organizers, spokesmen, advisors, and harmonizers in the planning, application, and maintenance of soil and water conservation on farms and ranches in their neighborhoods. This increased activity on the part of local groups will enable Service technicians to devote a greater portion of their time in assisting farmers and ranchers to get more conservation applied on the land.

3. Many districts are purchasing needed conservation equipment for use by farmers and ranchers in the districts and are effectively operating this equipment along with any made available by the Soil Conservation Service or other Federal, State, and local agencies; or are arranging with contractors to perform the work.

4. Arrangements are being made by districts with seed and plant dealers for growing and stocking the kinds and quantities of planting materials needed by farmers and ranchers.

5. Districts are arranging with local school officials to get conservation taught in the schools, are encouraging local church groups to include conservation in their activities, and are getting newspapers, chambers of commerce, clubs, etc., to encourage the adoption of conservation measures.

Conservation Districts Organized

The following map shows the conservation districts which had been organized as of July 1, 1947. The following summary furnishes additional information regarding actual and estimated district organization together with other pertinent data:

	Date	No. of districts organized	Total acres in organ. districts	Approximate acres in farms	Number of farms in districts
Actual	June 15, 1946	1,638	833,977,490	572,400,000	3,961,472
	Average per dis't	-	539,669	349,450	2,418
	June 30, 1947	1,889	1,002,968,587	655,400,000	4,456,943
	Average per dis't	-	530,952	346,956	2,359
	Nov. 30, 1947	1,956	1,041,960,685	681,300,000	4,570,655
	Average per dis't	-	532,703	348,313	2,337
Estimated	June 30, 1948	2,100	1,100,000,000	784,000,000	4,970,000
	Average per dis't	-	523,810	373,300	2,366
	June 30, 1949	2,260	1,175,000,000	843,000,000	5,340,000
	Average per dis't	-	519,912	373,000	2,362

Conservation Surveys, Planning, and Treatment Accomplishments

	Unit	1947	Cumulative to 6/30/47	1948	1949
Conservation surveys	acre	33,582,100	239,802,000	35,000,000	35,000,000
Number individual farm and ranch plans	no.	126,872	516,017	125,000	125,000
Farm and ranch planning	acre	36,026,537	141,490,875	36,000,000	36,000,000
Conservation treatment	acre	20,178,680	65,315,512	20,000,000	20,000,000

"Soil Conservation Operations" Costs and Accomplishments

Item	Obligations	Accomplishments	Cost per acre
Fiscal year 1946			
Conservation surveys	$1,947,202	29,868,868 acres	$.07
Farm and ranch conservation planning	12,118,394	25,369,044 acres	.47
Conservation treatment	16,933,477	15,816,321 acres	1.07
Improvement and maintenance of program on farms and ranches	1,953,556	—	—
Total obligations	32,952,629		
Fiscal year 1947			
Conservation surveys	2,882,557	33,582,100 acres	.08
Farm and ranch conservation planning	15,473,902	36,026,537 acres	.42
Conservation treatment	22,833,869	20,178,680 acres	1.13
Improvement and maintenance of program on farms and ranches	1,871,573	—	—
Total obligations	43,061,901		
Fiscal year 1948			
Conservation surveys	2,518,000	35,000,000 acres	.07
Farm and ranch conservation planning	13,523,000	36,000,000 acres	.38
Conservation treatment	20,135,500	20,000,000 acres	1.01
Improvement and maintenance of program on farms and ranches	1,635,000	—	—
Total obligations	37,811,500		

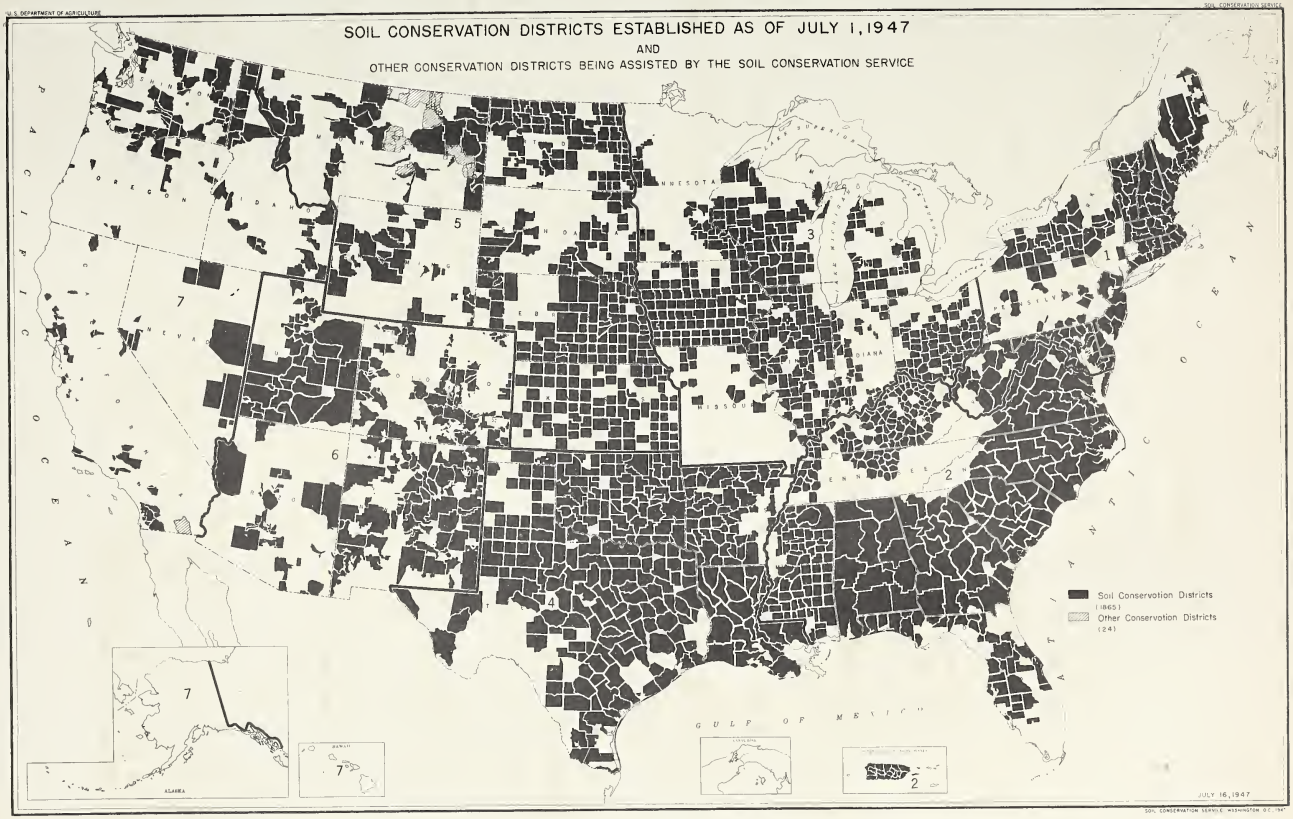
Note: 1949 estimates are identical with those for 1948.

The per acre cost to the individual farmer of conservation treatment averages two or three times the cost to the Service. The farmer's expenses include the cost of labor, of all except special equipment, of material, and of most of the planting stock. He also pays operation and replacement costs on the heavy earth-moving or other special equipment made available to him through the conservation district.

SOIL CONSERVATION DISTRICTS ESTABLISHED AS OF JULY 1, 1947

AND

OTHER CONSERVATION DISTRICTS BEING ASSISTED BY THE SOIL CONSERVATION SERVICE



Surplus Equipment Purchased for Loan to Districts

The sum of $2,500,000 was earmarked in the 1947 appropriation for the purchase of surplus Government-owned equipment for loan and grant to conservation districts. There were 937 items of equipment acquired and placed in operating condition at a total cost of $2,415,828. The heavy earth-moving and other special types of equipment that were purchased are being used in the districts to facilitate establishment on farms and ranches of certain of the more complex types of conservation practices.

Amounts of Planting Materials Furnished to Conservation Districts

During the fiscal year 1947 the Soil Conservation Service furnished cooperating conservation districts approximately 6 million more trees than in 1946, but decreased its contribution of grass and legume seed by about one-half million pounds. Estimated distribution of planting materials for 1947, 1948, and 1949 is as follows:

Item	1947	1948	1949
Trees, shrubs, and other plants	30,000,000	35,000,000	35,000,000
Grass and legume seed (lbs)	1,500,000	1,500,000	1,500,000

Most of the trees furnished to districts in 1947 were grown on the thirty Service-operated nurseries, but substantial quantities were obtained under "growing" contracts with 21 different State nurseries.

Development of Non-Federal Sources of Planting Stock

According to the best records available, district cooperators will need 250 million trees annually for planting those portions of their farms best suited to tree production. The Soil Conservation Service provided 30 million trees and other plants to districts in 1947. District cooperators purchased at least an equal amount of planting stock from State and commercial nurseries and would have purchased a great deal more had it been available. The total production of all Federal and State nurseries in 1947 was considerably less than one-half of the 250 million trees needed. State nurseries are increasing their production as rapidly as possible to meet the current demand for planting stock but it will take several years to build up this source of supply. A number of soil conservation districts have established cooperative nurseries for the production of trees and Kudzu crowns. This activity on the part of districts is being encouraged and all possible assistance rendered. In many localities conservation districts have also established seed-increase

plantings. Assistance is being given these districts in growing, harvesting, and processing the seed raised.

Cooperative Snow Surveys

Advance information on potential irrigation water supplies is becoming more and more essential for the efficient use of irrigation water in the West. During the fiscal year 1947, under the guidance of irrigation research specialists, approximately 925 snow courses were surveyed periodically to secure hydrologic data on which to base streamflow forecasts. After these data were analyzed and potential water supplies calculated, forecasts were made available to the public. The snow survey work of the Service is carried on cooperatively with various Agricultural Experiment Stations, irrigation and drainage districts, State and municipal engineering and water departments, water users' associations, private land and irrigation companies, municipal and private power companies, flood control and soil conservation districts and other interested Federal agencies. Fiscal year 1947 obligations of the Soil Conservation Service for snow surveys amounted to $62,400. Cash and personal service contributions by the cooperating agencies, of which there are about 180, totaled $106,800. Cooperators in addition furnished use of office space and equipment and helped stock with emergency supplies most of the more than 200 shelter cabins that are available to the surveyors.

Conservation Education in Cooperation with Extension Service

Forty-seven extension soil conservationists and assistants are cooperatively employed by the Extension Service and the Soil Conservation Service in 38 States and Puerto Rico. These specialists are State leaders who help organize and coordinate the conservation education efforts of organizations in the State. The extension soil conservationists and other State and county extension workers devoted 85,466 days to soil conservation educational work in 2,876 counties during the calendar year of 1946, and were assisted in this work in 40,937 communities by 70,070 farm leaders.

Part of the work of the extension soil conservationists which was considerably expanded in 1947 was 4-H Club work in soil and water conservation. State and national contests were held in which 43 States participated. There were 102,898 boys and girls who received definite training in soil and water conservation, and 8,273 boys and girls who are enrolled in special soil and water conservation projects involving an acreage of 127,662.

To date 76,771 complete farm and range demonstrations have been established under the State leadership of extension soil conservationists. Technicians of the Service have developed the conservation plans for these farms and ranches which were selected for demonstration by county extension agents with the cooperation of Soil Conservation Service technicians. The conservation work established on these farms and ranches has been very effective in stimulating interest and organized effort in soil and water conservation.

(c) Land Utilization and Retirement of Submarginal Land

Appropriation Act, 1948	$1,600,000
Budget estimate, 1949	1,564,000
Decrease, 1949 (due to elimination of development, management and maintenance costs on the Crab Orchard Project transferred to the Department of Interior in accordance with Act of August 5, 1947 (Public Law 361, 80th Congress)	- 36,000

PROJECT STATEMENT

Project	1947	1948	1949	Increase or Decrease
1. Development and management of land acquired	$1,549,348	$1,600,000	$1,564,000	-$36,000
Unobligated balance	9,652	- -	- -	- -
Total Available	1,559,000	1,600,000	1,564,000	- 36,000
Transferred from "Exportation and domestic consumption of agricultural commodities, Department of Agriculture" (for Pay Act Costs)	- 106,000	- -	- -	- -
Total appropriation or estimate	1,453,000	1,600,000	1,564,000	- 36,000

DECREASE

Decrease of $36,000 in project development, management and maintenance costs due to transfer of the Crab Orchard Land Utilization Project to the Department of Interior in accordance with the Act of August 5, 1947 (Public Law 361, 80th Congress).

ITEMIZATION OF ESTIMATES

Appropriation: Land Utilization and Retirement of Submarginal Land

Funds Available for Obligation

Item	Estimate 1948	Budget Estimates 1949	Increase (+) or decrease (-)
Appropriation or estimate.....	$1,600,000	$1,564,000	- $36,000
Total obligations	1,600,000	1,564,000	- 36,000

Obligations by Objects

Standard Classification			
01 Personal services	$842,000	$1,014,000	+ $172,000
02 Travel	21,600	24,500	+ 2,900
03 Transportation of things	6,600	12,500	+ 5,900
04 Communication services	5,300	5,500	+ 200
05 Rents and utility services ..	15,400	16,500	+ 1,100
07 Other contractual services ..	534,500	60,000	- 474,500
08 Supplies and materials	153,500	313,000	+ 159,500
09 Equipment	16,400	110,000	+ 93,600
10 Lands and structures	4,700	8,000	+ 3,300
Grand total obligations ..	1,600,000	1,564,000	- 36,000

STATUS OF PROGRAM

Current Activities:

Federal Land Areas Administered

The Soil Conservation Service has the responsibility for developing and administering 80 separate project areas which cover 7,156,428 acres of Federally-owned land in 31 States. In addition, it administers leases on 31 other similar areas covering 355,455 acres, the management of which has been transferred to State agencies. All of these lands were acquired by the Government --because they were submarginal or not primarily suited for cultivation-- to prevent further damage to and bring about proper use of the land and to improve the agricultural economy of the communities affected. The lands are being or have been restored to productive use consistent with their capabilities.

General land purchases were last made in the fiscal year 1942. No new land purchases are contemplated in either the fiscal years 1948 or 1949. However, some needed adjustments are being effected by means of authorized land exchanges.

Development and Management Activities

Around 600,000 acres of the land acquired are adapted to forestry development and management, 6,500,000 acres are best suited for grazing purposes, and the rest is suitable for cropping, wildlife, recreation, and other miscellaneous uses. While a great part of the development work on these lands has been completed, there remains yet to be done considerable seeding and improving of pasture and range lands, developing of wells, springs, and other watering facilities for stock, tree planting, and construction of fire trails and roads. Buildings, fences, and other facilities must, of course, be maintained and fire protection provided for these improvements and forest areas.

After development, the lands and facilities on the Land Utilization projects are made available for rental to local farmers and ranchers at equitable rates under specific use conditions. This enables them to better utilize their own lands and to place their operations on a more secure and permanent basis and at a better income level. The Federal Government collects substantial annual revenues from the use of the land. Grazing, haying, cropping, and woodland production have been the four major uses of land authorized.

Settlement of Boundary-dispute Claims

Also included in the work authorized to be carried on under this appropriation item is the settlement of boundary-dispute claims that may develop as a result of the Act of August 11, 1945 (Public Law 179, 79th Congress). This law authorized the Secretary to settle claims to certain so-called Sebastian Martin Grant lands in the State of New Mexico which are now a part of the Grant Lands Land Utilization Project.

Selected Examples of Recent Activities:

Development Accomplishments and Work Load

The following table shows some of the more important items of development work completed during the 1946 calendar year, the estimated amounts that will be completed during the 18-month period from January 1, 1947 to June 30, 1948 and during the fiscal year 1949, and the estimated balance that will remain to be done:

Type of Work	Unit	Completed during Cal. Year 1946	Estimated 1/1/47 to 6/30/48	Estimated Fiscal Year 1949	Balance to complete after 6/30/49
Seed bed preparation	acres	12,036	12,000	15,000	116,328
Liming	acres	1,465	1,000	1,100	36,245
Fertilizing	acres	2,901	2,400	2,400	49,433
Seeding	acres	47,378	50,000	55,000	269,889
Mowing and brushing	acres	11,033	8,000	8,000	68,500
Fencing	miles	543	500	450	2,476
Stock water sources	number	305	300	200	464
Tree planting	acres	657	800	3,000	75,197
Fire guards	miles	603	200	150	512
Roads and trails	miles	58	30	40	387
Administrative buildings	number	14	10	10	67
Restoration of spillways					
1. First priority	number	--	1	--	4
2. Second priority	number	--	--	--	6

Use of Project Lands and Facilities

During the calendar year 1946, more than 8,000 use permits were issued

to local farmers and ranchers. The following table shows the four major uses of the land in the calendar year 1946:

Explanation	Grazing	Haying	Cropping	Woodland Production
No. of operators using ..	5,973	545	457	1,042
Acres used	6,373,449	—	16,142	—
Unit measure of production	1,672,983 A.U.M.	13,122 Tons	—	32,013,310 bd. ft.

In addition to the above, recreational facilities were used by an average of 9,467 persons each day for a four-month season.

Revenue Received from Use of Projects

For the calendar year 1946, the income from lands administered by the Soil Conservation Service amounted to $728,341. Of this amount 25 percent, or approximately $182,085 was paid in lieu of taxes to counties in which the lands were located. The following table shows revenue sources and the amount received for each:

	Calendar Year
Cropping	$22,637
Haying	10,202
Grazing	382,615
Building occupancy	4,976
Recreation	19,974
Mineral royalties	35,673
Easements	439
Forest products	234,422
Salvaged improvements	15,611
Unclassified	1,792
Total	$728,341

Revenues from these projects are currently estimated at about $800,000 for each of the calendar years 1947 and 1948.

Land Exchanges

Land exchanges authorized under this program are continuing to be made where such action will contribute to better land use. Generally these exchanges are beneficial to both the Government and private landowners in rounding out economic operating units. During 1947, 39 applications for the exchange of private lands for Government-owned lands were

received. Thirty-five of both the requests for exchanges received during the year and those still on file from previous years were completed during the year.

Exchanges	Cases	Federal Land Released		Private Land Acquired	
		Tracts	Acres	Tracts	Acres
Received 1947	39	66	17,385	69	21,907
Completed 1947	35	95	23,709	69	24,046
Pending 1948	72	133	34,108	136	44,565

Sebastian Martin Boundary-dispute Claims

Out of a possible 75 claims that may develop to lands on the Sebastian Martin Grant Lands Land Utilization Project as a result of the Act of August 11, 1945 (Public Law 179, 79th Congress), only 3 have been settled and quit claims deeds executed. These deeds involve 54.9 acres. It is impractical to estimate how many of the possible claims will be submitted this fiscal year. However, several are in the process of development and may be submitted for consideration by the Secretary of Agriculture during 1948.

(d) Payments to Counties from Submarginal Land Program, Farm Tenant Act (Permanent Appropriation)

This item covers obligations for the payment to counties of 25 percent of the net revenues received each calendar year by the Soil Conservation Service and the Forest Service from the use of lands administered by the Secretary under the provisions of Title III of the Bankhead-Jones Farm Tenant Act, approved July 22, 1937, as follows:

Calendar Year in which Revenue Received	Twenty-five Percent of Net Revenue		
	Appropriated for Fiscal Year 1947	Estimated for Fiscal Year 1948	Estimated for Fiscal Year 1949
1946	$187,596	—	—
1947	—	$206,000	—
1948	—	—	$206,000
Total	187,596	206,000	206,000

(e) Excess Payments, Submarginal Land Program, Farm Tenant Act (Permanent Appropriation)

This item covers obligations in the fiscal years 1947, 1948, and 1949, for refunding unearned receipts collected for the use of lands held by the Secretary under Title III of the Farm Tenant Act, approved July 22, 1937.

(f) Water Conservation and Utilization Projects

Appropriation Act, 1948 ..... ———
Budget estimate, 1949 ..... ———

Note: It is estimated that obligations totaling $564,401 in 1948 and $725,000 in 1949 will be incurred against prior year balances which are available until expended. These balances are proposed for expenditure as shown in project statement below.

PROJECT STATEMENT

Project	1947	1948	1949	Increase or decrease
1. Acquisition of land ...	$800	$800	$800	—
2. Land development	481,434	512,901	654,200	$141,299(1)
3. Land management, settlement and guidance ...	48,457	50,700	70,000	19,300(2)
Total estimated obligations	530,691	564,401	725,000	160,599
1946 balance available in 1947	-1,120,092	—	—	—
1947 balance available in 1948	+1,289,401	-1,289,401	—	+1,289,401
1948 balance available in 1949	—	+725,000	-725,000	-1,450,000
Total appropriation or estimate	700,000	—	—	—

INCREASES

The increase of $160,599 in estimated obligations in 1949 (from funds already appropriated), consisting of:

(1) An increase of $141,299 for use on the Angostura, South Dakota, project for the development and preparation of lands for irrigation water.

Objective: To develop efficient and effective irrigation systems for farm units in order to insure sound land and water use and provide permanent settlement opportunities for farm families.

The Problem and Its Significance: Developing dry farm and range land for irrigation farming requires major changes in the farming systems. Land must be properly prepared before irrigation water can be effectively

applied. Development work requires detailed land classification and topographic surveys, clearing brush and trees, land leveling, and constructing farm ditches and drains and water control structures and reorganizing and subdividing farm units to fit the character of the land. Well designed and constructed irrigation systems will prevent waste of soil and water resources and permit maximum use of available irrigation water.

The land on the Angostura project has now been tentatively subdivided into economic farm units and is ready for the development of individual farm irrigation systems.

(2) An increase of $19,300 for expense of settling and selling farm units and providing technical guidance to farmers settled on or leasing project lands.

Objective: To provide for settlement and sale of developed farm units on the various projects, leasing Government-owned lands pending development and sale, and furnishing technical guidance to all project farm operators in matters of soil conservation and proper irrigation farming practices.

The Problem: The work connected with selecting settlers for the purchase of developed farm units, consummating sale of farms, protecting, managing, and leasing Government-owned lands and facilities, and furnishing technical guidance to purchasers and private landowners, increases as new lands are developed and ready for sale. In order to conserve valuable water resources, prevent soil leaching and erosion, increase and maintain production and encourage efficient irrigation farming methods, technical guidance should be furnished to the operators of irrigated lands within the project area. This technical guidance will prevent waste and damage and may mean the difference between success or failure of the farm enterprise.

As project lands are developed for irrigation farming they will be prepared for sale to settlers selected from qualified applicants. Careful selection of individuals will be made by committees composed of both Government employees and local citizens. Experienced technicians will be assigned as needed to demonstrate proper techniques of water and soil management incident to irrigation farming.

ITEMIZATION OF ESTIMATES

Appropriation: Water Conservation and Utilization Projects

Funds Available for Obligation

Item	1948	Budget Estimates 1949	Increase(+) or decrease(-)
Prior year balance available	$1,289,401	$725,000	-$564,401
Balance available in subsequent year	-725,000	—	+ 725,000
Reimbursements for services performed	356	—	-356
Total obligations (inclusive of reimbursements)	564,757	725,000	+160,243

Obligations by Objects

Standard Classification			
01 Personal services	$431,600	$550,000	+$118,400
02 Travel	11,400	14,000	+ 2,600
03 Transportation of things	4,800	6,000	+ 1,200
04 Communication services	2,700	3,200	+ 500
05 Rents and utility services	8,400	10,000	+ 1,600
07 Other contractual services	27,700	50,000	+ 22,300
08 Supplies and materials	74,757	81,000	+ 6,243
09 Equipment	3,300	10,000	+ 6,700
10 Lands and structures	100	800	+ 700
Grand total obligations	564,757	725,000	+ 160,243
Reimbursements for services performed	356	—	
Total available (exclusive of reimbursements)	564,401	725,000	

STATUS OF PROGRAM

Current Activities:

Developing Efficient Irrigation Farms

The Water Conservation and Utilization program is carried on cooperatively with the Bureau of Reclamation which has as its responsibility the construction of the primary water supply features such as dams, reservoirs, and principal canals. The Soil Conservation Service is responsible for developing efficient irrigation farming units for qualified farm families which includes the following work activities:

1. Acquisition of such lands as are needed to readjust land ownership and operating unit patterns.

2. Development of irrigable project lands for efficient use of water. (Development and improvement work consists of making detailed land classifications and topographic surveys, clearing brush, leveling land, subdividing acquired lands into economic-sized farm units, and constructing farm ditches, drains, and other water control structures.)

3. Selection of qualified farm families as settlers and consummating sale of farms. (Pending sale, developed lands are leased for farming purposes.)

4. Furnishing of technical guidance to farm operators by experienced irrigation engineers, soil scientists, soil conservationists, and other specialists, in matters of efficient irrigation farming and soil conservation.

Authorized Water Conservation and Utilization Projects

Nineteen projects were authorized for development by the Department of Agriculture under the Water Conservation and Utilization program. Three of these, namely Bismarck (North Dakota), Mann Creek (Idaho), and Saco Divide (Montana), which have a total irrigable area of 18,500 acres, are inactive.

The following table shows the active projects:

Project name	Headquarters location	Date project authorized	Irrigable acreage
Angostura	Hot Springs, So. Dak.	March 6, 1941	16,180
Balmorhea	Balmorhea, Texas	April 15, 1944	7,520
Bitterroot	Missoula, Montana	March 22, 1944	18,600
Buffalo Rapids I	Glendive, Montana	May 15, 1940	15,500
Buffalo Rapids II	Glendive, Montana	May 15, 1940	10,844
Buford-Trenton	Williston, No. Dak.	Sept. 23, 1939	14,800
Dodson	Dodson, Montana	March 17, 1944	1,185
Eden Valley	Rock Springs, Wyo.	Sept. 18, 1940	20,000
Intake	Glendive, Montana	Jan. 20, 1944	840
Mancos	Durango, Colorado	Oct. 24, 1940	10,000
Mirage Flats	Hay Springs, Neb.	March 30, 1940	11,500
Missoula	Missoula, Montana	May 10, 1944	900
Newton	Logan, Utah	Oct. 17, 1940	2,225
Post Falls	Couer d'Alene, Idaho	Jan. 29, 1944	3,500
Rapid Valley	Rapid City, So. Dak.	Nov. 8, 1939	12,000
Scofield	Price, Utah	May 24, 1943	12,500

Project Authorization and Obligations

The total amounts authorized to be spent on each Water Conservation and Utilization Project and the amounts obligated through June 30, 1947, under the respective funds and programs which were scheduled to contribute to the development of the projects are shown in the following table:

Project name	Project authorization	Obligations to June 30, 1947			
		"Wheeler-Case" funds	"Great-Plains" funds	"WPA, CCC, & other" funds	Total
Angostura	$638,000	$283,582	—	—	$283,582
Balmorhea	569,000	—	—	—	—
Bitterroot	752,000	185,826	—	—	185,826
Buffalo-Rapids I	a/ 517,405	8,071	$209,891	$224,405	442,367
Buffalo-Rapids II	708,000	112,498	344,532	134,486	591,516
Buford-Trenton	b/ 1,017,838	—	608,190	264,838	873,028
Dodson	84,000	52,099	—	—	52,099
Eden Valley	425,000	—	109,699	5,061	114,760
Intake	41,000	19,344	—	—	19,344
Mancos	473,000	267,871	—	—	267,871
Mirage Flats	687,300	376,645	167,665	36,837	581,147
Missoula	133,000	64,788	—	—	64,788
Newton	93,000	74,230	—	—	74,230
Post Falls	196,000	184,940	—	—	184,940
Rapid Valley	170,000	7,117	15,042	—	22,159
Saco Divide	480,000	—	405	—	405
Scofield	350,000	110,193	—	9,000	119,193

a/ Revision from $413,000 to be requested to cover CPS camp contributions in excess of estimates.

b/ Revision from $927,000 to be requested to cover CPS camp contributions in excess of estimates.

Obligations - Water Conservation and Utilization Projects (Wheeler-Case Appropriation)

Of the total $1,289,401 remaining available for obligation under this appropriation at the close of the fiscal year 1947, only $564,401 is planned for obligation in 1948. It is planned to utilize the balance of $725,000 in 1949. Delays in securing revision of Presidential project authorizations made it necessary to defer until 1949, development work which was originally planned for the fiscal year 1948. A table of obligations by projects is furnished below for the fiscal years 1947, 1948, and 1949. Development work is being substantially completed on some projects in 1948 and the funds shifted for expanded development activity on others in 1949. Obligations on those projects where development work has been completed consist of expenses incident to settling and selling the lands and furnishing technical guidance in irrigation farming.

Project	1947 Actual	1948 Estimated	1949 Estimated
Angostura	$72,052	$50,000	$304,400
Bitterroot	85,838	25,000	75,000
Buffalo Rapids I	8,071	64,250	5,700
Buffalo Rapids II	112,314	91,184	10,200
Dodson Pump	10,523cr.*	10,000	11,900
Intake	1,204	10,000	10,000
Mancos	67,356	72,000	79,600
Mirage Flats	69,890	62,478	26,500
Missoula	34,753cr.*	4,799	10,413
Newton	593	--	--
Post Falls	6,948	9,330	1,700
Scofield	20,977	21,000	25,000
Sub-total	399,967	420,041	560,413
General administration	130,724	127,874	125,000
Unallocated	--	16,486	39,587
Total	530,691	564,401	725,000

* NOTE: Credits caused by fund adjustments for transfers of equipment between projects.

Status of Land Acquisition Work

Every effort is being made to have all operating unit pattern adjustments that are necessary under this program effected voluntarily between private owners. The only land purchase made by the Federal Government in 1947 was an 84.72 acre tract of land located in Prairie County, Montana, on the Buffalo Rapids II Project. Because of the probability of continuing high land prices no land purchases are contemplated in either the fiscal year 1948 or 1949. However, a token amount has been provided in the estimates for both years to take care of an emergency. It might become necessary to make a small purchase such as a right-of-way or a small tract required to round out a farm unit.

Development Accomplishments and Work Load

The following table shows some of the more important items of development work completed on the Water Conservation and Utilization projects during the fiscal year 1947, the amount completed to date, and the amount remaining to be done:

Item	Unit	Total Planned	Accomplished in 1947	Accomplished to 6/30/47	Remaining to be done 7/1/47
Topographic surveys	acre	190,575	3,718	148,041	42,534
Land classification	acre	196,976	13,217	142,595	54,381
Unit subdivisions	no.	605	41	443	162
Land development	acre	33,564	786	20,414	13,150
Land leveling	acre	100,740	1,826	43,429	57,311
Farm laterals	mile	1,873	82	567	1,306
Farm drains	mile	475	22	227	248
Irrig. structures	no.	11,500	250	3,332	8,168

During 1948 it is planned to complete physical land development work on most of the projects for which water will have been made available under this program. Program activity in 1949 on these particular projects, therefore, will have shifted from large scale land development operations to the settlement and sale of developed farms and the rendering of technical assistance to new farm operators in matters of soil conservation and recommended irrigation practices.

Sale of Developed Farm Units

Farms are being sold to qualified operators as soon as possible after unit subdivision and development of Government-owned lands are completed. All applications for temporary leases and for purchase of farms are reviewed and recommendations made thereon by a local advisory board. As of June 30, 1947, 475 applications for purchase of farms had been received. The following table shows the farm units sold as of December 31, 1947:

Project	No. of units (1)	Units sold (2)	Acres sold (3)	Sale price of land sold (4)
Angostura	105	--	--	--
Buffalo Rapids I	115	30	6,379	$246,070
Buffalo Rapids II	62	1	5	50
Buford-Trenton	106	11	1,379	118,715
Mancos	2	--	--	--
Mirage Flats	110	31	3,559	271,108
Post Falls	20	7	834	45,881
Total	520	80 1/	12,156	681,824

1/ Included in this figure are 10 small tracts of land of 2 or 3 acres each that were sold as rights-of-way and to churches and railroads.

STATEMENT OF OBLIGATIONS UNDER SUPPLEMENTAL FUNDS

Item	Obligations 1947	Estimated Obligations 1948	Estimated Obligations 1949
Flood Control, Department of Agriculture (Allotment to Soil Conservation Service):			
Preliminary examinations and surveys	$427,223	$877,442	$1,494,500
Works of improvement	1,855,597	3,587,888	5,966,350
Total, Flood Control	2,282,820	4,465,330	7,460,850
Research and Marketing Act of 1946, Department of Agriculture (Allotment to Soil Conservation Service):			
(Title I, Sec. 10b) Research other than utilization	—	65,000	— a/
Salaries and Expenses, American Sections, International Commission (Transfer to Agriculture)(Soil Conservation Service):			
Appraisal of results of increasing the height of ground-water table of lands adjacent to Kootenai Lake, Idaho	1,867	1,900	—
Working Funds, Agriculture, Soil Conservation Service, Advances from:			
Treasury Department: Procurement Division, for completion of a training program of 5 Chinese students	133	—	—
Interior Department: National Park Service for the furnishing of trees and shrubs	13,859	31,241	—
Bureau of Reclamation, for the establishment and measurement of additional snow courses	—	19,263	—
Bureau of Reclamation, for preparation and duplicating of bibliography on sedimentation	—	1,700	—
Total, Department of Interior	13,859	52,204	—

a/ Allotments under this appropriation for the fiscal year 1949 have not been determined.

Item	Obligations 1947	Estimated Obligations 1948	Estimated Obligations 1949
Department of the Navy: Bureau of Yards and Docks, for carrying out erosion control measures at the Naval Air Station, Whiting Field, Florida	—	30,000	—
Department of the Army: Ordnance Department, for carrying out research investigations	941	—	—
Corps of Engineers, for performing restoration work on Government-owned lands in certain Land Utilization projects which were damaged by use for military purposes	—	11,465	—
Total, Department of the Army	941	11,465	—
Selective Service System: Technical direction of a program of civilian public service projects for conscientious objectors	69,325	—	—
Total, Working Funds	84,258	93,669	—
Construction, Water Conservation and Utility Projects (Allotment to Agriculture)(Soil Conservation Service): Land development on water conservation and utility projects	99,905	60,000	58,212
Payments in Lieu of Taxes, and Operation and Maintenance Costs, Water Conservation and Utilization Projects: Receipts from land leases for payments in lieu of taxes to States, political subdivisions thereof, and local taxing units, and for operation and maintenance expenses of the resettlement features of certain water conservation and utilization projects (40 U.S.C. 431-434)	16,651	46,600	33,600

Item	Obligations 1947	Estimated Obligations 1948	Estimated Obligations 1949
Operation and Maintenance, Water Distribution Systems, Water Conservation and Utilization Projects:			
Water receipts for operation and maintenance expenses of the Wyoming Rural Rehabilitation Corporations' water distribution system in the Eden Valley, Wyoming water conservation and utilization project (40 U.S.C. 431-434)	9,761	15,000	15,000
Return of Excess Deposits for Reproduction of Photographs, Mosaics, and Maps, (Soil Conservation Service):			
Refunds of moneys received by the Soil Conservation Service for furnishing reproductions of photographs, mosaics, and maps, which are in excess of the cost of reproduction	1,373	500	500
Miscellaneous Contributed Funds, Department of Agriculture (Allotment to Soil Conservation Service):			
Flood Control Works of Improvement on the Los Angeles Watershed ...	64,639	80,361	50,000
Cooperation with the American Republics (Transfer to Agriculture) (Soil Conservation Service):			
Comprehensive training of Latin-American technicians in the principles and practices of soil and water conservation and proper land use	34,874	9,812	14,855
Penalty Mail Costs, Department of Agriculture (Allotment to Soil Conservation Service): For cost of penalty mail pursuant to Section 2, Public Law 364, 78th Congress	42,237	50,000	57,250
TOTAL, OBLIGATIONS UNDER SUPPLEMENTAL FUNDS	2,638,385	4,888,172	7,690,267

PASSENGER MOTOR VEHICLES

The 1949 budget estimates of the Soil Conservation Service include the sum of $263,600 to provide for (1) the replacement of 216 vehicles at a net cost of $216,000, after considering exchange allowances, and (2) the purchase of 34 additional passenger motor vehicles under the Flood Control program at a cost of approximately $47,600.

It is planned during the fiscal year 1949 to replace 216 vehicles which will be over 10 years old and which will have mileage in excess of 100,000 miles at the time of trade-in. This will provide for replacing approximately 13 percent of the total fleet.

The additional 34 passenger motor vehicles are required for increased activities under the Flood Control program in order to provide adequate transportation for field technicians engaged in making flood control preliminary examinations and surveys and in carrying out accelerated programs of works of improvement on authorized watersheds.

It is the policy of this Service to use pickup trucks wherever possible for the transportation of technicians from their headquarters to adjacent work areas. Passenger motor vehicles are used mainly for long trips, for those trips which require the transportation of more technicians than a pickup can accommodate, and in those areas where transportation by public carrier is inadequate or non-existent. The Soil Conservation Service will continue to conserve passenger motor equipment to the utmost be exercising extreme care in the operation, maintenance, and repair of the equipment.

PENALTY MAIL ESTIMATE
Sec. 2 Public Law 364, 78th Congress
(Allotment to Soil Conservation Service)

	1947	1948	1949	Increase (+) or decrease (-), 1949 over 1948
Category 1	$3,207	$3,800	$4,350	+ 550
Category 2	39,030	46,200	52,900	+ 6,700
Total	42,237	50,000	57,250	+ 7,250

The increase of $7,250 requested for 1949 consists of:

(a) An increase of $3,750 to cover the increased costs of the Post Office Department in handling penalty mail. The Post Office Department has advised that payments into the Treasury for costs of handling penalty mail in 1949 will be at a rate of $20.00 per thousand pieces of mail, an increase of $1.40 per thousand over the 1948 rate for mailings.

(b) An increase of $3,500 to cover the anticipated increase in volume of penalty mail resulting from an expanded Flood Control program. The proposed increase of Flood Control activities during 1949 will necessitate a substantial increase in the volume of mailings, including instruction and procedure memoranda; work progress and accomplishment reports; recruitment, employment, and payrolling of personnel; advertising for and awarding contracts for works of improvement; supervision of contractual work being performed; and the procurement of and payment for facilities, supplies, materials, and equipment.

Category 1 consists of technical leaflets, bulletins, and other material relating to the programs of the Soil Conservation Service. Approximately 30 percent is sent to educational and other institutions and organizations, 30 percent to State, county and municipal agencies, 30 percent to individual farmers, school teachers and students, and 10 percent to commercial organizations and agricultural groups. Material under this category is mailed only in response to specific requests.

Category 2 consists of correspondence necessary in conducting the business of the Soil Conservation Service, which is highly decentralized. About 75 percent consists of within-Government administrative work such as reports and forms relating to work program progress and accomplishments; reports and correspondence regarding the status of appropriations and miscellaneous funds; mailings incident to recruiting, hiring, and payment of salaries to personnel; correspondence and forms concerned with the purchase of and payment for supplies, materials, equipment, and so forth.

The other 25 percent of mailings in this category consists of administrative correspondence between Soil Conservation Service offices and outside individuals and concerns.

The Soil Conservation Service is a highly decentralized organization engaged in working with farmers and ranchers out on their lands in helping them to prepare and establish farm conservation plans. These estimates, therefore, must cover the estimated cost of mail to be dispatched during the fiscal year 1949 from the Washington Office, seven Regional Offices, forty-eight State Offices, two territorial offices, and approximately 3,300 field offices located in conservation districts, nurseries, research projects, land utilization projects, water conservation projects and flood control watershed areas. There is also a substantial volume of mail with outside individuals, inasmuch as close working relationships must be maintained with farmers, ranchers, soil conservation district supervisors, agricultural colleges, and other Federal and State agencies. Correspondence must also be carried on with outside organizations and business concerns in connection with purchasing and contracting work.

PRODUCTION AND MARKETING ADMINISTRATION

Summary of Appropriations, 1948 and Estimates, 1949
[Note - Figures in brackets [ ] not included in totals]

Item	Appropriations, 1948	Budget Estimates, 1949	Increase (+) or Decrease (-)
Commodity Credit Corporation:			
(administrative expenses from Corporation funds)	[$8,450,000]	[$7,575,000]	[-$875,000]
Conservation and use of agricultural land resources	$228,000,000	$150,000,000	-$78,000,000
Sugar Act	55,000,000	72,000,000	+17,000,000
Exportation and domestic consumption of agricultural commodities (Section 32 funds):			
Permanent appropriation	149,023,930	135,000,000	-14,023,930
Less transfer to "National School Lunch Act" in 1948	-65,000,000	- -	+65,000,000
Less rescissions	-40,023,930	-91,000,000	-50,976,070
Total available for Section 32 purposes	44,000,000	44,000,000	- -
National School Lunch Act	65,000,000	65,000,000	- -
Marketing Services:			
Market news service	1,566,250	1,626,250	+60,000
Market inspection of farm products	712,000	712,000	- -
Marketing farm products	a/ 1,149,500	1,084,500	-65,000
Tobacco Acts	1,552,000	1,552,000	- -
Cotton Statistics, Classing, Standards and Futures Acts	1,399,000	1,399,000	- -
Marketing Regulatory Acts	b/ 3,096,750	3,178,350	+81,600
Total, Marketing Services	9,475,500	9,552,100	+76,600
Total	401,475,500	340,552,100	-60,923,400
Deduct permanent appropriation available:			
Exportation and domestic consumption of agricultural commodities (Sec. 32 funds)	109,000,000	44,000,000	+65,000,000
Total, direct annual appropriation	292,475,500	296,552,100	+4,076,600

a/ Includes $149,500 proposed transfer in estimates from
"Salaries and Expenses, Bureau of Agricultural Economics,"
economic investigations $11,500
"Salaries and Expenses, Marketing Services," freight rates
for farm products 138,000

b/ Reflects proposed transfer in estimates shown in detail under "Marketing Regulatory Acts."

COMMODITY CREDIT CORPORATION

Introduction

The Corporation's primary function is to carry out the provisions of the mandatory price support legislation which is applicable to the basic commodities (corn, cotton, peanuts for nuts, rice, tobacco, and wheat) and to a large number of Steagall commodities (nonbasic agricultural commodities for which it was necessary during the war to encourage expanded production). The legislation providing mandatory minimum levels of price support on basic and Steagall commodities at 90 percent of parity (92 1/2 percent in the case of cotton) expires upon completion of support activities on the 1948 crops of basic commodities and on December 31, 1948 on Steagall commodities. Permanent legislation provides for the support of basic commodities at lower than the present mandatory levels. However, since it has not been decided to what extent or at what minimum levels the Congress will establish support of agricultural commodities subsequent to the expiration of this legislation, fund requirements have been estimated throughout the fiscal year 1949 based upon present support levels. These estimates are, therefore, subject to adjustment depending upon subsequent Congressional action in establishing a policy as to the minimum levels at which the Corporation is directed to support agricultural prices and administrative actions taken thereunder.

In addition, Section 4(b) of the Steagall amendment (15 U.S.C. 713a-8(a)) established the policy of extending similar support to producers of other agricultural commodities to the extent funds are available and producers are able to bring supplies in line with demand. The Corporation is using its funds and authorities to carry out this policy.

The Corporation is authorized to support prices to producers through loans, purchases, or other operations and utilizes different methods of supporting prices of different commodities based on normal trade practices, perishability of the commodity concerned and other similar factors.

On the basis of the assumptions outlined below, it is not now anticipated that the prices of any commodities other than those specifically mentioned in the budget document and discussed in these notes will have to be supported. However, if unfavorable economic conditions should develop, the Corporation is required under Section 4(a) of the Steagall amendment to support the prices of the following commodities: chickens, milk, butterfat, hogs, peas of certain varieties, and turkeys. In addition, it might be necessary to support the prices of a number of additional commodities under Section 4(b) of the Steagall Amendment which provides, in part, that "... operations of the Department of Agriculture (other than those referred to in subsection (a)) shall be carried out so as to bring the price and income of the producers of nonbasic commodities ... to a fair parity relationship with other commodities, to the extent that funds for such operations are available ...."

The charter of the Corporation authorizes it to purchase or otherwise acquire, to hold, to deal in, to sell, or otherwise dispose of any and all foods and agricultural commodities or products thereof and to loan or borrow money upon such commodities. Under these authorities the Corporation has purchased on a reimbursable basis food, food products, and other agricultural commodities to meet governmental and foreign requirements and has purchased agricultural commodities and food grown in foreign countries to meet the needs of this country and in some instances our allies. Due to increased activities by our Government in foreign recovery operations, it is anticipated that the volume of supply operations will increase during the fiscal years 1948 and 1949. Subsidy operations, which were of major importance during the war years, were terminated with the decontrol of sugar prices effective November 1, 1947. These operations will be completed by June 30, 1948. In addition, loans are made to the Secretary of Agriculture to assist in carrying out the agricultural conservation program in accordance with the provisions of the Agricultural Adjustment Act of 1938.

The activities of the Corporation are carried out through the facilities of the Production and Marketing Administration of the Department of Agriculture. The Corporation is managed by an active board of directors consisting of the Secretary of Agriculture as chairman, the Under Secretary of Agriculture, the Assistant Secretary of Agriculture, the Administrator of the Research and Marketing Act, and four policy-making officials of the Production and Marketing Administration.

Basic Assumptions in the Estimates

In preparing the estimates for the fiscal year 1949 certain basic assumptions have been made as follows:

1. National income will remain at the 1947 fiscal year level.
2. Domestic demand for agricultural commodities will remain high but shifts in demands for specific commodities will be apparent.
3. Foreign demand for agricultural commodities will continue at a high level.
4. The present high production levels will be maintained.
5. Parity prices will increase slightly but will be stabilized and level off during the fiscal year 1949.
6. The acreage planted in 1948 crops will be substantially in conformity with goals announced by the Department of Agriculture and growing conditions will produce average yields.
7. Purchases for foreign recovery programs and other supply needs will increase sharply.
8. The European Recovery Plan will be approved by the Congress thus making funds available to finance substantial exports of food and agricultural products.
9. Procurement of foreign commodities to meet limited domestic and foreign needs will continue.
10. The need for export of surplus agricultural commodities and products thereof will be at a minimum.

Effects of Recent Legislation

In preparing the estimates for the fiscal years 1948 and 1949, consideration was not given to the provisions of the Foreign Aid Act of 1947, approved on December 17, 1947, which authorized the disposition of commodities acquired under the price support program at the price equivalent to the domestic market price of a quantity of wheat having the same caloric value. The net effect of this provision has not at this time been determined although it may increase the losses suffered by the Corporation in the disposition of the commodities acquired under price support. The Third Supplemental Appropriation Act, 1948, approved December 23, 1947, provides that losses incurred with the above provision shall not exceed $57,500,000. The Foreign Aid Act of 1947 also provides that the Secretary of the Treasury is authorized and directed to cancel notes in an amount equal to the amount of losses resulting from the terms of this Act.

Public Law 395, approved December 30, 1947, authorizes the Corporation to carry out projects to stimulate and increase the production of foods, agricultural commodities, and products thereof, in non-European foreign countries. It further provides that programs developed be first submitted to Congress and operations may be initiated if such programs are not to be disapproved by concurrent resolution of Congress within 60 days thereafter. Estimates of operations under this Act are not included in the budget but will be submitted independently to the Congress in accordance with this law.

Program Operations

The activities of the Corporation are designed to carry out the following five types of programs:

Price support
Foreign purchase
Supply
Commodity export
Loans to the Secretary of Agriculture for agricultural conservation purposes.

The following summaries cover the various operations which the Corporation anticipates will be required to carry out during fiscal year 1949; each operation is designed to supplement and is a part of one of the above five types of programs. Generally it should be noted that all estimates are subject to change as economic and related conditions change from those assumed above. Although a change in one factor might affect all estimates, in many instances changes in individual factors will affect a single commodity or a relatively small group of commodities. For example, widespread crop failures might affect a majority of the commodities while a drop in the domestic consumption of eggs from the present level of 380 per capita would affect only that one commodity. In each instance, the amount of funds is given which was used to carry out the operation during the fiscal year 1947 and the funds which will be required

during the fiscal years 1948 and 1949 on the basis of program estimates included in the 1949 budget. The actual gains or losses resulting from each operation during the fiscal year 1947 and estimated gains or losses for the fiscal years 1948 and 1949 are shown. When operations are anticipated but no gains or losses are estimated, such fact is reflected by a "0". In those instances where no activity took place during the fiscal year 1947 or none is anticipated in the fiscal year 1948, such fact is indicated by "-".

A separate explanatory statement is not included under loans to the Secretary of Agriculture, which are made in accordance with Section 391(c) of the Agricultural Adjustment Act of 1938, as amended, since this program is fully described on page 1154 of the printed budget.

The financial statements and supporting schedules included in the budget furnish an analysis of each of the different types of operations carried out by the Corporation. Schedule B-1 summarizes all income and expense elements distributed by individual commodities and programs while schedule B-2 summarizes all purchase and sales activities; and schedule C-2 reflects all loan operations. These schedules summarize all of the financial operations of the Corporation under each of the activities described in the following pages. An analysis of the actual application of funds to program operations by ~~individual commodities and~~ programs for the fiscal year 1947 and estimated for the fiscal years 1948 and 1949 appear on Table I following page 203.

PRICE SUPPORT PROGRAM, Basic Commodities

Corn

SUMMARY OF LATEST OPERATIONS:

Objective: To support the farm price of corn, to enable producers to retain stocks on farms for feeding purposes, and to promote orderly marketing.

Eligibility: Eligible producer is any individual, partnership, association, or other legal entity producing corn in 1947 as landowner, landlord, tenant, or sharecropper. Eligible corn is ear or shelled corn which, except for moisture content, grades No. 3 or better (or No. 4 on test weight only). Shelled corn must contain not more than 13.5 percent moisture and ear corn must meet moisture requirements that insure safe storage.

Operations: Nonrecourse loans are available from December 1, 1947 through June 30, 1948 (except in angoumois moth infestation areas where the closing date is March 31, 1948) maturing September 1, 1948, or earlier on demand. Loan rates on the 1947 crop, adjusted for location and grade, are based on an average of 90 percent of parity as of October 1, 1947, or an average rate per bushel of $1.368. Loans are made on a note-and-chattel-mortgage basis for corn stored in acceptable farm-storage structures and can be obtained through private lending agencies or direct from the Corporation. Interest is at the rate of 3 percent per annum. Producers who liquidate their loans by delivering corn grading higher than No. 3 will be credited with a premium of 1/2 cent per bushel for No. 2 corn and 1 cent per bushel for No. 1 corn.

Purchase agreements are offered to producers from December 1, 1947 through June 30, 1948. Intention to sell to the Corporation must be made known to the local County Agricultural Conservation Committee within 30 days after the loan maturity date. The producer will not be obligated to deliver any specified quantity of corn, but deliveries may not exceed the quantity the producer elected to sell during the 30-day period. The purchase price will be the applicable loan value. Any corn which may be delivered will be held for possible need by feeders of livestock and poultry, for export, and for industrial use in this country.

Authority: Corporate Charter--Article Third, paragraph (b) and (j); section 7(a) of the Act of January 31, 1935, as amended (15 U.S.C. 713 (Sup. V)), and section 8 of the Stabilization Act of 1942, as amended (15 U.S.C. App. 968 (Sup. V)).

BASIS, 1949 ESTIMATE: This estimate is based on assumed production of 3,068 million bushels. This production would represent an increase of 667 million bushels over the estimated 1947 crop and would be 16.3 percent above the 1936-45 average production. Due to the short 1947 crop, carryover stocks will be very low. It is assumed that strong demand for feed grains will cause the market price of corn to be well above the support rate during fiscal year 1949, resulting in loan requirements for only 3 percent of the estimated production. Since the loan maturity date for 1948 crop corn falls in fiscal year 1950 (Sept. 1, 1949) it is assumed that 75 percent of the loans made will be outstanding on June 30, 1949. No deliveries are anticipated under the purchase agreement operation.

	Actual, 1947	Estimate, 1948	Estimate, 1949
Funds required to finance operations.....	$28,039,076	$20,700,000	$151,000,000
Net gain on operations.	278,492	0	0

PRICE SUPPORT PROGRAM, Basic Commodities

Cotton, Upland

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of cotton.

Eligibility: Any person producing upland cotton in 1947 in the capacity of landowner, landlord, tenant, or sharecropper is eligible for loans on upland cotton produced in 1947. The cotton tendered as security must be upland cotton of specified grades and staple lengths, free of all liens and encumbrances, in bales of 300 pounds or more, not compressed to high density, and must be classed by a USDA Board of Cotton Examiners.

Operations: Nonrecourse loans are available from August 1, 1947, through April 30, 1948, maturing July 31, 1948, but callable on demand. An interim loan on cotton harvested prior to August 1, 1947 was available from June 1 through August 31, 1947 (the maturity date).

The interim loan rate for middling 7/8-inch cotton was 24.75 cents per pound. The average loan rate on regular loans for middling 7/8 inch cotton, gross weight, is 26.49 cents per pound (92½ percent of July 15, 1947 parity of 28.64 cents per pound). Applicable premiums and discounts are established for other grades and staples.

Warehouse-stored loans are secured by negotiable warehouse receipts. No provision is made for farm-stored loans. Loans are available through banks andothers acting as lending agencies as well as direct from the Corporation. A special form of loan agreement is available to cooperative marketing associations whereby members of these associations may act collectively in obtaining loans. Interest is at the rate of 3 percent per annum. A loan may be repaid at maturity or earlier by payment of all advances plus interest and charges thereon.

Authority: Corporate Charter--Article Third, paragraph (b); section 7(a) of the Act of January 31, 1935, as amended (15 U.S.C. 713 (Sup. V)); section 8(a) of the Stabilization Act of 1942, as amended; and section 302(a) of the Agricultural Adjustment Act of 1938, as amended.

BASIS, 1949 ESTIMATE: Indications are that the August 1, 1948 carryover of cotton in the U. S. will be slightly larger than the 2.5 million bale carryover of August 1, 1947. With supplies of cotton for the 1947-48 season estimated at 14.2 million bales (including imports of 200,000 bales) and disappearance at 11.3 million bales, carryover next August 1 would be about 2.9 million bales.

On December 1, 1947 the 1947 crop was estimated at 11,694 thousand bales, an increase of 3,054 thousand over the 1946 crop of 8,640 thousand but 696 thousand less than the 1936-45 average of 12,390 thousand bales.

It is anticipated that the loan program will be continued on the 1948 crop in the fiscal year 1949 and that new loans will be made on 2.5 million bales compared to estimated loans on .7 million bales of the 1947 crop in the fiscal year 1948. The increase anticipated is predicated on a higher carryover in 1948 than in 1947, a 1948 crop somewhat larger than in 1947 and with a disappearance no larger in 1948-49 than in 1947-48.

Collateral acquired in 1949 is estimated to increase from 5,760 bales to 20,000 bales while outstanding loans on all cotton are estimated at 1 million bales on June 30, 1949 compared to .2 million bales on June 30, 1948.

	Actual, 1947	Estimate, 1948	Estimate, 1949
Funds required to finance operations...	$88,363,638	$93,591,500	$363,176,000
Net gain (or loss*) on operations.....	45,754,081	830,444	*294,000

These estimates are subject to change depending on parity, domestic market prices, the world cotton situation, and other factors.

PRICE SUPPORT PROGRAM, Basic Commodities

Peanuts

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of peanuts and to promote orderly marketing.

Eligibility: Eligible participants under the purchase operation are peanut producers, crushers, shellers, and dealers. Eligible participants under the loan operation are producers and processors of 1947 crop peanuts. Eligible commodity is peanuts of the 1947 crop.

Operations: Nonrecourse loans are available to peanut producers, directly and through lending agencies, on security of negotiable warehouse receipts, from August 1, 1947, through January 31, 1948, maturing February 1, 1948, or earlier on demand. Interest will be at the rate of 3 percent per annum.

Shellers and dealers may secure loans, for financing their purchases at support levels, from private banks who have entered into Lending Agency Agreements with the Corporation. Under the agreements the Corporation will take over the notes and collateral if requested to do so by the banks. If a sheller or dealer is unable to make financial arrangements through a lending agency agreement, the Corporation will make direct loans at 3 percent per annum.

Purchases are being made from producers between August 1, 1947 and June 30, 1948. The Corporation will also purchase farmers' stock peanuts and No. 2 shelled peanuts from shellers and dealers requesting such pruchases during the period November 1, 1947 through April 30, 1948, provided such shellers or dealers have paid producers not less than the support prices for all peanuts purchased by them.

Disposition of peanuts acquired under the purchase and loan operationswill be by sale at not less than the parity price, except those sold for crushing into oil and meal or those sold for seed or new uses. With the exception of sales for seed or new uses, all peanuts will be sold on a competitive bid basis at the best price obtainable for the particular use.

Authority: Corporate Charter--Article Third, paragraphs (b), (d), (f), and (i); section 7(a) of the Act of January 31, 1935, as amended (15 U. S. C. 713 (Sup. V)); section 8 of the Stabilization Act of 1942, as amended (50 U. S. C. App. 968 (Sup. V)), and section 4(a) of the Act of July 1, 1941, as amended (15 U. S. C. 713a-8(a) (Sup. V)).

BASIS, 1949 ESTIMATE: This estimate is based on an anticipated 1948 crop production of 1,072,000 tons which is approximately the same as for the 1947 crop. It is estimated that the Corporation will be

required to purchase 150,000 tons from growers who are unable to market their peanuts at or above support levels. Of the 150,000 tons purchased, it is estimated that 10,000 tons will be sold to shellers at parity prices and the remaining 140,000 tons including the lower quality peanuts will be sold to crushers at about $170 per ton for crushing into oil and meal. It is expected that loans will be made under lending agency agreements on approximately 200,000 tons of farmers' stock peanuts and that all loans will be repaid in full.

The production of oil in the major world surplus oil-producing areas is increasing, although the present production of these areas is only about 75 percent of pre-war production. If the world supply of fats and oils increases to or near pre-war levels, prices may drop considerably, resulting in larger losses to the Corporation than the estimates now show.

	Actual, 1947	Estimate, 1948	Estimate, 1949
Funds required to finance operations...	$39,268,729	$71,500,000	$77,100,000
Net gain (or loss*) on operations.....	721,480	* 3,744,000	* 6,150,000

PRICE SUPPORT PROGRAM, Basic Commodities

Rice

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of rice.

Eligibility: Eligible participants are producers of 1947 crop rice. Eligible commodity is rough rice produced domestically.

Operations: Nonrecourse loans are available to producers from harvest to December 31, 1947, and will mature April 30, 1948, or earlier on demand. Loan rates vary by type and grade but will average about $1.69 per bushel. Interest is at the rate of 3 percent per annum. All charges on warehouse-stored rice must be prepaid through April 30, 1948, and no farm-storage payment will be made.

Nonrecourse loans with interest at 3 percent will be available to members of rice cooperative associations, under the terms of a rice cooperative loan contract between the association and the Corporation. All of the rice tendered for loans by an association will be collateral for all of the money loaned to the association.

Any rice acquired may be milled and used to meet export and domestic requirements. By products will be held for possible need by feeders of livestock and poultry, or other industrial uses.

Authority: Corporate Charter--Article Third, paragraph (b); section 7(a) of the Act of January 31, 1935, as amended (15 U. S. C. 713, Sup.V; and section 8 of the Stabilization Act of 1942, as amended (50 U. S. C., App. 968, Sup. V).

BASIS, 1949 ESTIMATE: This estimate is based on an anticipated 1948 crop production of 75 million bushels which is about the same as the 1947 crop but is 29 percent higher than the 1936-45 average production. Due to increased world production of rice, 94 percent of prewar levels for 1945-46 and anticipated further increases in 1947-48, it is assumed that markets will not be as readily available as in past years; however, demand is expected to remain strong enough to keep prices above support levels. From these assumptions it is estimated that 5 million bushels will be placed under loan with all loans being redeemed during fiscal year 1949. If world rice production materially exceeds present expectations, market prices might be depressed below support levels which would result in larger quantities than now estimated being placed under loan with the Corporation acquiring considerable stocks through forfeiture of collateral.

	Actual, 1947	Estimate, 1948	Estimate, 1949
Funds required to finance operations...	-	$3,393,000	$8,783,000
Net gain (or loss*) on operations	-	-0-	-0-

PRICE SUPPORT PROGRAM, Basic Commodities

Tobacco

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of tobacco.

Eligibility: Eligible tobacco for loan is tobacco of the 1947 crop. Eligible borrower is any farmer cooperative or other responsible organization which receives tobacco from growers at specified prices by grades and redries, packs, and stores such tobacco.

Operations: A mandatory loan operation on the 1947 crop to be in effect during the 1947-48 marketing season (from July 1947 through March 1948 approximately). Nonrecourse loans are offered producers at a rate for each grade of tobacco which will provide price support for the growers at the minimum statutory level (90 percent of parity), except in the case of fire-cured and dark air-cured tobacco (including Virginia sun-cured) where the rates are 75 percent and 66 2/3 percent respectively, of the Burley rate. Tobacco acquired from growers is redried, packed, insured, and stored by the borrower, and specified amounts for services performed are included in the agreements and made part of the loan. Interest is at the rate of 3 percent per annum. Loans are due and payable on demand.

Authority: Corporate Charter--Article Third, paragraph (b); section 8 of the Stabilization Act of 1942, as amended (October 2, 1942, 56 Stat. 767, as amended, June 30, 1944, 58 Stat. 632, and as amended June 30, 1945, 59 Stat. 306, 50 U.S.C. App. S 968); section 7(a) of the Act of January 31, 1935, as amended (15 U.S.C. 713 (Sup. V)); and section 2 of the Act of July 28, 1945 (59 Stat. 506.)

BASIS, 1949 ESTIMATE: The 1947 crop production is estimated (December 1) at 2,167.7 million pounds and 1948 crop production is estimated at 1,725 million pounds. The anticipated reduction in production is based on the assumption that marketing quota programs will be used to adjust production downward in line with demand. The Secretary of Agriculture proclaimed a 1948 national marketing quota for flue-cured tobacco of 955 million pounds which will result in an acreage reduction of about 28 percent to most individual farmers (1947 estimated production is 1,331.3 million pounds). He also proclaimed a national marketing quota for Burley tobacco of 474 million pounds which will result in an average reduction of about 10 percent in individual farm acreage allotments (1947 estimated production is 518.6 million pounds).

Total disappearance is estimated at 1,825 million pounds in 1948 and 1,960 million pounds in 1949. Disappearance figures are based on estimated exports of 440 million pounds and domestic consumption of 1,385 million pounds in 1948 and estimated exports of 575 million pounds and domestic consumption of 1,385 million pounds in 1949.

Dealers who normally buy substantial quantities of tobacco for export are not expected to make their normal purchases or carry any substantial stocks in the fiscal years 1948 and 1949 in view of the uncertainty of the dollar exchange situation and the knowledge that any export sales they may be able to make can be filled by purchases of loan tobacco.

It is expected that a portion of the domestic and export requirements will be met by withdrawal of aged stocks of loan tobacco which will be more desirable in the fiscal year 1949 than tobacco of the 1948 crop. Hence, the current crop of tobacco will be going under loan at the same time substantial quantities of aged tobacco are being withdrawn from loan.

Due to anticipated reduction in total tobacco production, it is estimated that loans will be made on 150 million pounds of the 1948 crop in the fiscal year 1949 as compared to loans on an estimated 360 million pounds of tobacco in the fiscal year 1948.

Repayments on 450 million pounds are estimated in 1949 compared to estimated repayments on 160 million pounds in 1948 based on the assumption that should the Congress approve the European recovery program, some purchases of tobacco would be made from Corporation loan stocks. If this situation should not develop, there will be smaller repayments, thus leaving higher outstanding loans at the close of fiscal year 1949 than the current estimate of 146.5 million pounds ($52,480,000).

	Actual, 1947	Estimate, 1948	Estimate, 1949
Funds required to finance operations...	$85,519,224	$163,000,000	$66,000,000
Net gain (or less*) on operations.....	*7,857,813	*9,724,000	12,930,000

PRICE SUPPORT PROGRAM, Basic Commodities

Wheat

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of wheat and to promote orderly marketing.

Eligibility: Eligible producer is any individual, partnership, association, corporation, or other legal entity producing wheat in 1947 as landowner, landlord, tenant, or sharecropper. Eligible commodity is wheat of any class grading No. 3 or better (or grading No. 4 or No. 5 on test weight only).

Operations: Nonrecourse loans are available from harvest through December 31, 1947 and will mature April 30, 1948, or earlier on demand. Loans are made on a note-and-chattel-mortgage basis for wheat stored on the farm and on the basis of a note-and-loan-agreement when stored in approved warehouses. The loan rate averages nationally about $1.83 per bushel on a farm-loan basis. Interest is at the rate of 3 percent per annum. A storage payment of 7 cents per bushel shall be paid the producer on farm-stored wheat (1) if the wheat is delivered to the Corporation on or after April 30, 1948, or (2) if the loan is called by the Corporation prior to April 30, 1948. If delivery is made prior to April 30, 1948, the amount of storage payment will depend upon the length of time the wheat is in storage.

Purchase agreements are offered to producers from harvest through December 31, 1947. Intention to sell to the Corporation must be made known to the local County Agricultural Conservation Committee within 30 days after the loan maturity date. The producer will not be obligated to deliver any specified quantity of wheat, but deliveries may not exceed the quantity the producer elected to sell during the 30-day period. The purchase price will be the applicable loan value.

Purchases, f.o.b. track direct from producers, are made in South Carolina and Georgia at prices approximately equivalent to loan rates due to the inability of the Corporation to make loans in those States because of the lack of suitable storage and grading facilities. Any stocks acquired will be held for export or for domestic uses.

Authority: Corporate Charter--Article Third, paragraph (b); section 7(a) of the Act of January 31, 1935, as amended (15 U.S.C. 713 (Sup. V)); and section 8 of the Stabilization Act of 1942, as amended (50 U.S.C. App. 968 (Sup. V)).

BASIS, 1949 ESTIMATE: This estimate is based on an acreage goal of 75 million acres with assumed yield of 14.3 bushels per acre. Production from this acreage (estimated 1,070 million bushels) is an increase of 180 million bushels over the 1936-45 average. This production plus estimated carryover stocks of 150 million bushels would provide 805 million bushels for domestic uses and allow exports of 265 million bushels, an estimated decrease of 185 million bushels from estimated exports of 450 million bushels in fiscal year 1948. Stocks remaining as of July 1, 1949 would be approximately 150 million bushels. From these estimated availability and requirement figures, it is assumed that the Corporation will make loans on 100 million bushels. Since market prices are expected to be well above support levels in fiscal year 1949, it is estimated that all loans will be redeemed during the fiscal year. No deliveries are anticipated under the purchase agreement operation. If yield should approximate the 1942-1946 average of 16.3 bushels per acre, production from the acreage goal would be about 1,221 million bushels and, if export or other markets are not available to absorb such production, the Corporation might acquire large quantities through the loan and purchase operations.

	Actual, 1947	Estimate, 1948	Estimate, 1949
Funds required to finance operations	$31,763,375	$93,670,000	$200,667,000
Net gain (or loss*) on operations	605,569	0	0

PRICE SUPPORT PROGRAM, Steagall Commodities

Beans, dry edible

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of dry, edible beans.

Eligibility: Growers producing edible beans in 1947 are eligible to participate in the purchase and loan operations. Dealers who pay support prices to growers are eligible to participate in a purchase operation. Eligible commodity is beans grading U. S. No. 2 or better, cleaned and bagged, f.o.b. country shipping points.

Operations: This activity will be in operation from September 1, 1947 through August 31, 1948. The support price ranges from $7.10 to $9.55 per cwt., f.o.b. country shipping points, according to class and grade.

Nonrecourse loans will be available to growers from September 1, 1947, through December 31, 1947 on eligible dry beans stored in approved farm storage structures or approved warehouses. The loan rate will be $5.00 per cwt. of sound whole beans. Loans will mature on demand but not later than April 30, 1948, and will bear interest at 3 percent per annum. Settlement rates, upon delivery of collateral to the Corporation, shall be the support price less any unpaid charges.

Purchase agreements are offered to growers from September 1, 1947 through December 31, 1947. Intentions to sell to the Corporation must be made known to the local County Agricultural Conservation Committee during May, 1948. The producer will not be obligated to deliver any specified quantity, but deliveries may not exceed the quantity the producer elected to sell during May, 1948. The purchase price shall be the applicable support price. Purchases may also be made from dealers who have entered into price support agreements with the Corporation. These agreements will provide for purchases from dealers of eligible beans at not in excess of the applicable support price. Dealers shall agree to pay all growers throughout the marketing year not less than the applicable support price minus the approved maximum margin for handling charges.

Disposition of beans acquired under this program will be by export and sale into commercial channels at the highest obtainable price, but not less than the minimum price authorized by statute.

Authority: Corporate Charter -- Article Third, paragraph (b):section 4(a) of the Act of July 1, 1941, as amended (15 U.S.C. 713-8(a) Sup. V)): and section 7(a) of the Act of January 31, 1935, as amended (15 U.S.C. 713 (Sup. V)).

BASIS, 1949 ESTIMATE: This estimate is based on an anticipated 1948 crop production of 18.3 million cwt. bags of uncleaned beans, or about 17 million cwt. bags of cleaned beans. This estimate of uncleaned beans is about 11 percent above the 1936-45 average. Due to the strong demand for dry edible beans, it is assumed that the market price will be above the support rate resulting in loan requirements for only 100,000 cwt. bags. It is estimated that all loans will be redeemed during the fiscal year 1949. No deliveries are anticipated under the purchase agreement operations. High prices received by growers for the 1947 crop may result in a considerably higher production than the present estimate for the 1948 crop. In this event, the Corporation might be required to handle larger quantities than now anticipated, and some losses might be incurred.

	Actual, 1947	Estimate, 1948	Estimate, 1949
Funds required to finance operations...	$233	$501,000	$501,000
Net gain (or loss*) on operations.	155	0)	0

PRICE SUPPORT PROGRAM, Steagall Commodities

Cotton, American-Egyptian

MMARY OF LATEST OPERATIONS:

Objective: To support the price of American-Egyptian cotton.

Eligibility: Any person producing American-Egyptian cotton in 1947 in the capacity of landowner, landlord, tenant, or sharecropper is eligible for loans on American-Egyptian cotton produced in 1947. The cotton tendered as security must be American-Egyptian cotton of specified grades and staple lengths, free of all liens and encumbrances, in bales of 300 pounds or more, not compressed to high density, and must be classed by a USDA Board of Cotton Examiners.

Operations: This is a mandatory loan operation and loans are available from August 21, 1947 until May 1, 1948 and have a maturity date of July 31, 1948, but are callable on demand.

The average loan rate for all qualities of American-Egyptian cotton of the 1947 crop, based on the average quality of the crops from 1942 through 1946, is 53.31 cents per pound, which is 90 percent of parity as of August 1, 1947. The loan rate for Grade No. 2, 1-1/2 inch staple is 56.60 cents per pound in the California-Arizona area. A location differential of 25 points (1/4 cents) per pound has been established between the California-Arizona and the New Mexico-West Texas area to reflect differences in transportation costs from the areas of production to southeastern and New England mill points.

Interest on loans accrues at the rate of 3 percent per annum. A loan may be repaid at maturity or earlier by payment of all advances plus interest and charges thereon.

Warehouse loans are made on a note-and-loan agreement basis and may be made to producers through private lending agencies or direct by the Corporation. A special form of loan agreement is available to cotton cooperative marketing associations whereby members of these associations may act collectively in obtaining loans.

Authority: Corporate Charter--Article Third, paragraph (b); Section 7 (a) of the Act of January 31, 1935, as amended (15 U. S. C. 713 (Sup. V)); and section 4(a) of the Act of July 1, 1947, as amended (15 U. S. C. 713a-8 (Sup. V)).

SIS, 1949 ESTIMATE: Production of American Egyptian cotton which was greatly expanded early in the war to meet wartime needs, declined sharply after the war. The 1946 crop was 2,500 bales while the 1947 crop is estimated at 1,000 bales. Owing to the small demand for this type cotton at prevailing prices, it is anticipated that new loans will be made in 1949 on 1,000 bales of the 1948 crop; no

repayments are antitipated, and it is estimated that 1,000 bales of the 1947 crop will be acquired as collateral in 1949, leaving loans outstanding on 1,000 bales of the 1948 crop at the close of the fiscal year 1949.

	Actual, 1947	Estimate, 1948	Estimate, 1949
Funds required to finance operations..	$224,356	$267,500	$268,000
Net gain (or loss*) on operations.....	37,023	*21,000	*38,000

PRICE SUPPORT PROGRAM, Steagall Commodities

Eggs, Shell, Dried, Frozen

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of shell eggs.

Eligibility: Eligible vendors are cooperative organizations, dealers including processing firms, and producers. Vendors other than producers are eligible only if they certify that an average price at least equal to a price specified by the Corporation has been paid to all producers delivering edible eggs averaging 44 pounds per case. Eligible eggs are dried eggs, frozen eggs, and graded shell eggs, subject to Federal grading regulations.

Operations: Support purchases may be made at any place in the continental United States during the period January 1, 1947 through December 31, 1947 at levels designed to reflect a national average farm price to producers for the marketing year equal to at least 90 percent of parity. Dried, frozen, or shell eggs may be purchased at prices which will assure that the average of egg prices expressed as a percentage of parity up to any given time in the course of the year will not drop below the support level.

Purchases of dried eggs are made from the 70 or more driers in the surplus-producing area of the Midwestern States. Average farm price paid by driers to producers was 33 cents per dozen for the months of February, March, and April 1947 and 35 cents for the months of May and June 1947. The price for eggs delivered to the processing plant by the producer is 2 cents above the prices referred to above.

Provisions were made for the purchase of shell eggs in the event that purchases of dried and frozen eggs are not ample to provide support in any area. Average price of shell eggs, on an offer and acceptance basis, will be determined on an area basis, to reflect appropriate location and quality differentials.

Disposition of purchases will be made by sales through commercial trade channels, sales for export, sales to other governmental agencies, or sale to Section 32 programs.

Purchases were suspended on June 30, 1947 because indications were that demand for the remainder of 1947 would be sufficient to maintain prices well above 90 percent of parity.

Authority: Corporate Charter--Article Third, paragraph (b); section 7(a) of the Act of January 31, 1935, as amended (15 U.S.C. 713 (Sup. V)); Section 4(a) of the Act of July 1, 1941, as amended (15 U.S.C. 713a-8 (Sup. V); and section 21(c) of the Surplus Property Act of 1944 (50 U.S.C. App. 1630(c)).

BASIS, 1949 ESTIMATE: Producers are being urged to reduce the number of hens and pullets on farms but with prices of eggs maintained at or ~~have~~ near 90 percent of parity during the spring of 1948, 425 million hens and pullets are believed to be the minimum that can be expected by January 1, 1949. At the current rate of lay per hen, 425 million hens and pullets will produce an estimated 4,938 million dozen eggs next year.

If it is assumed that disappearance for military, commercial export, and hatching will be 272 million dozen, the indicated level of production would provide for 386 eggs per civilian consumer. However, it is expected that consumer demand in fiscal year 1949 will not be more than the present level of 380 eggs per capita, or 4,860 million dozen.

Based on these assumptions, it is estimated that a surplus of at least 78 million dozen eggs (2.6 million cases) will be produced. It will be necessary to purchase this amount for diversion to other than the normal consumption channels in order to support the price of eggs at 90 percent of parity.

	Actual, 1947	Estimate, 1948	Estimate, 1949
Funds required to finance operations..	$60,279,946	$97,015,000	$38,740,000
Net gain (or loss*) on operations.....	*15,676,398	*29,193,000	*17,400,000

If any of the eggs acquired under this operation are disposed of for foreign relief feeding purposes at the price equivalent to the domestic market price of a quantity of wheat having the same caloric value, as authorized in the Federal Aid Act of 1947 (Public Law 389, approved December 17, 1947), the value of sales will be decreased and losses increased materially.

PRICE SUPPORT PROGRAM, Steagall Commodities

Flaxseed

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of flaxseed in order to help meet production goals.

Eligibility: Eligible flaxseed is that produced in 1947 and grading U. S. No. 1 or No. 2.

Operations: Warehouse and farm storage loans are available to producers. Loans are made at the rate of 5.00 per bushel, Minneapolis basis, for No. 1 flaxseed and 4.95 for No. 2 flaxseed. An additional $1.00 per bushel will be paid to the producer if and when the Corporation takes title to the flaxseed. A storage payment for flaxseed stored on the farm will be made at the time of delivery to the Corporation on the basis of 7 cents per bushel. Loans are available through October 31, 1947, for Arizona, California, and Texas flaxseed and through January 31, 1948 for all other flaxseed. Loans will mature on demand but not later than January 31, 1948 for Arizona, California, and Texas flaxseed and not later than April 30, 1948 for all other flaxseed. Interest will be at the rate of 3 percent per annum.

Purchase contracts are entered into with flaxseed processors who agree to pay not less than the support price for all flaxseed purchased by them from the 1947 crop. The Corporation agrees to purchase flaxseed from the processor provided processed commodity outlets are not available. Such purchases shall be made at support price levels with allowances for costs incurred such as freight and handling charges. Flaxseed produced in Arizona, California, and Texas will be purchased from the processors only if offered to the Corporation prior to March 1, 1948 and flaxseed produced in other states only if offered prior to June 1, 1948, or such earlier dates as may be specified by the Corporation. Linseed oil may be purchased in lieu of taking over flaxseed under the processor contract. The purchase price will be 26.7 cents per pound, f.o.b. processors' tank cars, basis Minneapolis. Location differentials will apply to other areas. If the processor signs the agreement to deliver linseed oil in lieu of flaxseed he is required to offer to the Corporation unsold linseed oil upon request by the Corporation.

If necessary to assure producers of receiving support prices, purchases will be made by the Corporation direct from the producer. Any flaxseed or linseed oil acquired will be held for industrial users in this country and for export.

Authority: Corporate Charter--Article Third, paragraph (b): section 4(a) of the Act of July 1, 1941, as amended (15 U.S.C. 713a-8(a) Sup. V)); and section 7(a) of the Act of January 31, 1935, as amended (15 U.S.C. 713 (Sup. V)).

BASIS, 1949 ESTIMATE: This estimate is based on an anticipated crop of 40 million bushels with the Corporation being required to handle about 14 million bushels of this production in the form of flaxseed or linseed oil under the price support program. It is assumed that 9 million bushels equivalent in the form of linseed oil will be purchased under processor contracts in encouraging the processors to acquire and process the crop at the time it is marketed thus reducing the total quantity of flaxseed the Corporation might be required to purchase and thus reducing storage and administrative costs to the Corporation. It is anticipated that timely marketing of these stocks will permit disposition without loss. Loans will probably be made on 5 million bushels; it is assumed that all loans will be redeemed during the fiscal year.

The production of oil in the major world surplus oil-producing areas is increasing and at present the production in these areas is about 75 percent of prewar levels. If the world supply of oil increases to or near prewar levels, the price of linseed oil and meal may drop considerably resulting in losses to the Corporation.

	Actual, 1947	Estimate, 1948	Estimate, 1949
Funds required to finance operations..	$66,678	$14,818,000	$76,433,000
Net gain (or loss*) on operations.....	2,727	0	0

PRICE SUPPORT PROGRAM, Staggall Commodities

Potatoes, Irish

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of white potatoes and to assure orderly distribution throughout the marketing season.

Eligibility: Eligible participants are growers who have complied with their individual 1947 crop goals, or their authorized agents, and contracting dealers, and processors who agree to the provisions of a prescribed contract. Eligible potatoes are those grading U.S. No. 2 or better, produced on goal acreage by eligible growers and processed potatoes meeting such specifications as may be prescribed.

Operations: Loans-- Commodity loans were available on the late crop of potatoes from September 15 to December 15, 1947, maturing April 30, 1948 or earlier on demand. Loan rates were established at levels which reflected approximately 75 percent of the September support price. Interest is at the rate of 3 percent per annum. Loans were obtained through private lending agencies or direct from the Corporation.

Purchases -- Purchases of potatoes in fresh or processed form may be made from the beginning of the marketing season through June 30, 1948. Prices for fresh potatoes will be at least 90 percent of parity for U.S. No. 1 and comparable prices for other U. S. grades and qualities. Prices for processed potatoes or for processing services will be determined on the basis of competitive bids or negotiation. Disposition may be made to programs under Section 32 and the National School Lunch Act; to U. S. Government agencies for foreign relief feeding and other purposes; to foreign governments and their purchasing agents, and domestic exporters and foreign importers for exports; in domestic commercial channels, to manufacturers of potato products, and for use as livestock feed.

Authority: Corporate Charter--Article, Third, paragraph (b); section 7(a) of the Act of January 31, 1933, as amended (15 U.S.C. 713 (Sup. V)); section 4(a) of the Act of July 1, 1941, as amended (15 U.S.C. 713a-8(a) (Sup. V)); and section 21(c) of the Surplus Property Act of 1944 (50 U.S.C. App. 1630 (c)).

BASIS, 1949 ESTIMATE: Requirements during the 1948 crop year (1949 fiscal year) are expected to be 375 million bushels and production goals, to be effected through acreage control, have been established to produce this amount. Prices will be supported only to those growers who plant within their acreage goals.

Estimated requirements are based on consumption during recent years, since demand is not expected to vary materially. Acreage goals of 2,352,400 acres established to meet these requirements are based on an assumed yield of 158.2 bushels per acre, although yields have shown a sharp upward trend and reached a record high of 184.5 in 1946. Since yield depends on a number of factors which are unknown in advance, particularly weather conditions, it would not be safe to assume that the record high yield will be achieved in 1948 or to reduce acreage on that assumption, although it is quite probable that it may be met or exceeded. The present estimate is based on the assumption that acreage and bushel goals will be met but that seasonal and/or geographical surpluses will necessitate the purchase of 20.8 million bushels (12.5 million cwt.) in fiscal year 1949. It is estimated that loans may be made on 117 million bushels (70 million cwt.)

Potatoes acquired under price support operations may be sold to Section 32 and National School Lunch programs; to U. S. Government agencies for foreign relief feeding and other purposes; to foreign governments and their purchasing agents, and domestic exporters and foreign importers for export; in domestic commercial channels, to manufacturers of flour, starch and alcohol; and for use as livestock feed. It is estimated that on an average the Corporation may realize a return of approximately 30 cents per cwt. for surplus potatoes.

	Actual, 1947	Estimate, 1948	Estimate, 1949
Funds required to finance operations..	$134,615,366	$58,039,000	$128,775,000
Net gain (or loss*) on operations.....	*63,157,288	*27,234,000	*33,800,000

If unusually good growing conditions prevail, the assumed goal yield of 158.2 will be exceeded, and it is possible that a surplus of as much as 100,000,000 bushels (60 million cwt.) will be produced. Should growing conditions be below average and less than 375 million bushels be produced, it is possible that no price support operations will be required except to relieve seasonal surpluses in localities or under conditions where potatoes cannot be stored or moved to other areas for disposition.

PRICE SUPPORT PROGRAM, Steagall Commodities

Potatoes, Sweet

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of sweet potatoes.

Eligibility: Eligible participants are growers or associations of growers, their authorized agents, and dealers who are certified as having agreed to pay growers not less than the applicable support prices or their equivalent for all sweet potato purchases, and who are licensed under the Perishable Agricultural Commodities Act.

Eligible commodity is sweet potatoes of the 1947 crop grading U. S. No. 2 or better.

Operations: Purchases will be made during the period September 1, 1947 through April 30, 1948, at prices sufficient to support the price to producers at 90 percent of parity. Sweet potatoes acquired under this program may be sold to (1) livestock feeders and processors for manufacture into livestock feed, alcohol, or other industrial uses; (2) Section 32 programs; and (3) the commercial trade.

Authority: Corporate Charter--Article Third, paragraph (b); section 7(a) of the Act of January 31, 1935, as amended (15 U.S.C. 713 (Sup. V)); and section 4(a) of the Act of July 1, 1941, as amended (15 U.S.C. 713a-8(a) (Sup. V)).

BASIS, 1949 ESTIMATE: It is assumed that the relatively high level of parity will necessitate support operations since consumer demand for sweet potatoes at the prospective price levels probably will not utilize available supplies. It is estimated that the 1948 crop (for marketing in fiscal year 1949) will be about sixty million bushels due to larger-than-average yields and the fact that relatively high prices for the 1947 crop is expected to encourage increased plantings in 1948. Based on these estimates, it is assumed that it will be necessary to purchase 2.5 million bushels U. S. No. 1 and 5 million bushels U. S. No. 2 grade sweet potatoes in the commercial shipping areas. About one million bushels of U. S. No. 1 sweet potatoes may be stored and subsequently sold for fresh market and dehydration outlets, and the balance of the sweet potatoes acquired by CCC sold for dehydration and canning outlets.

	Actual, 1947	Estimate, 1948	Estimate 1949
Funds required to finance operations....	$20,455	$402,900	$7,775,000
Net gain (or loss*) on operations.....	96	*202,900	*5,775,000

PRICE SUPPORT PROGRAM, Steagall Commodities

SOYBEANS

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of soybeans.

Eligibility: Eligible participant is any person, partnership, association, or corporation producing soybeans in 1947 as landowner, landlord, tenant, or sharecropper. Eligible commodity for loans is soybeans of the 1947 crop having moisture content not in excess of 14 percent and grading No. 4 or better. All grades are eligible for purchase. Premiums and discounts will apply according to grade and quality.

Operations: Nonrecourse loans are available to growers from beginning of the marketing year through January 31, 1948, maturing April 30, 1948, or earlier on demand. Support prices for soybeans grading No. 2 or better are $2.04 per bushel for green and yellow and $1.84 per bushel for black, brown and mixed. Loans are made on a note-and-chattel mortgage basis for soybeans stored on the farm. Loans may be obtained from private lending agencies or direct from the Corporation. The interest rate is 3 percent per annum. In addition to the loan rate, a storage advance of 7 cents per bushel will be made at the time the contract is executed.

Processors may secure loans, for financing their purchases at support levels, from private lending agencies who have entered into Lending Agency Agreements with the Corporation. Such loans shall bear interest at the rate of 3 percent per annum and shall be payable upon demand or on August 1, 1948, whichever is earlier. The lending agency shall remit to the Corporation one-half of the interest collected. Upon request by the lending agency, the Corporation will take over the loans. Purchases will be made by the Corporation from producers from harvest to June 30, 1948. The purchase price will be the support level. Any soybeans acquired will be held for industrial users in this country and for export.

Authority: Corporate Charter--Article Third, paragraphs (b), (d), (f), and (i); section 7(a) of the Act of January 31, 1935, as amended (15 U.S.C. 713 (Sup. V)): and section 4(a) of the Act of July 1, 1941, as amended (15 U. S. C., 713a-8(a) Sup. V)).

BASIS, 1949 ESTIMATE: This estimate is based on an anticipated crop of 204 million bushels with the Corporation being required to handle about 25 percent of this production under the price support program. It is estimated that 2 million bushels will be purchased in outlying areas from producers who cannot find a ready market for their soybeans. However, it is anticipated that these soybeans will be sold during the marketing year without loss. Loans to producers and processors will probably

be made on 50 million bushels. It is assumed that all loans will be redeemed since the market price will probably exceed the support level.

The production of oil in the major world surplus oil-producing areas is increasing, although at present the production in these areas is only about 75 percent of prewar levels. If the world supply of oil increases to or near pre-war levels, the price of soybean oil may drop considerably resulting in losses to the Corporation.

	Actual, 1947	Estimate, 1948	Estimate, 1949
Funds required to finance operations ..	$53,558,200	$81,000,000	$112,620,000
Net gain (or loss*) on operations.....	2,741,090	0	0

PRICE SUPPORT PROGRAM, All Other Commodities

Barley

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of barley, to assist producers to retain stocks of barley on their farms for feeding purposes, and to promote orderly marketing.

Eligibility: Eligible producer is any individual, partnership, association, corporation, or other legal entity producing barley in 1947 as landowner, landlord, tenant, or sharecropper. Eligible barley is that grading No. 5 or better except for Class III Western barley having a test weight of less than 40 pounds per bushel and that grading tough, stained, blighted, smutty, weevily, garlicky, ergotty, or bleached.

Operations: Nonrecourse loans are available from beginning of marketing year through December 31, 1947, maturing April 30, 1948, or earlier on demand. The loan rate for farm-stored barley will average $1.03 per bushel by specified counties and States. The average rate of $1.03 per bushel was determined by adjusting 90 percent of the April 15, 1947, corn parity price on the basis of a fair relative feeding value and pounds per bushel. Loans are made on a note-and-chattel-mortgage basis for farm-stored barley and on a note-and-loan agreement basis for warehouse-stored barley. They are obtainable through private lending agencies or direct from the Corporation. Interest will be at the rate of 3 percent per annum. No storage allowance will be made on farm-stored barley, and a deduction of 7 cents per bushel will be made from the basic loan rate for warehouse-stored barley unless the producer pays storage charges through April 30, 1948.

Purchase agreements are offered to producers from harvest through December 31, 1947. Intention to sell to the Corporation must be made known to the local County Agricultural Conservation Committee during the month of May 1948. The producer will not be obligated to deliver any specified quantity of barley, but deliveries may not exceed the quantity the producer elected to sell during May 1948. The purchase price will be the applicable loan value.

Disposition of barley acquired will be to feeders of livestock and poultry, for export, and for industrial users in this country.

Authority: Corporate Charter--Article Third, paragraph (b); section 7(a) of the Act of January 31, 1935, as amended (15 U.S.C. 713 (Sup. V)); section 4(b) of the Act of July 1, 1941 (15 U.S.C. 713a-8(b)); and section 302(a) of the Agricultural Adjustment Act of 1938, as amended.

BASIS, 1949 ESTIMATE: This estimate is based on an anticipated 1948 crop production of 277 million bushels which is 10 million bushels under the 1936-45 average. The general decline in livestock numbers since 1944 (12 percent as of January 1, 1947) is expected to continue which will result in lower domestic requirements for feed grains, but export requirements are expected to absorb all available feed grain supplies. In order to promote orderly marketing, it is assumed that approximately 15 million bushels will be placed under loan. It is not anticipated that any stocks will be acquired by the Corporation either through forfeiture of loan collateral or by the purchase agreement operation.

	Actual, 1947	Estimate, 1948	Estimate, 1949
Funds required to finance operations..	$373,507	$1,037,000	$17,350,000
Net gain (or loss*) on operations.....	50,550	0	0

PRICE SUPPORT PROGRAM, All Other Commodities

Gum Naval Stores

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of gum naval stores.

Eligibility: Eligible borrowers are producers who participate in the Gum Naval Stores Conservation Program and are members of the American Turpentine Farmers Association Cooperative.

Eligible commodities are processed gum turpentine meeting prescribed specifications and stored in approved bulk tanks; processed gum rosin, Federally inspected, graded (not lower than Grade G), packed in standard metal drums and placed in approved storage; and the turpentine and rosin content of crude gum stored in approved processor-warehouses.

Operations: Nonrecourse loans are available on eligible gum naval stores of the 1947 crop from May 26 through December 31, 1947, and will mature April 1, 1948, or earlier on demand. Loan rate of $119.02 is 90 percent of the parity value of the naval stores production unit (50 gallons turpentine and 1,400 pounds of rosin) at the beginning of the current crop year, April 1, 1947. This loan rate is fixed for the production unit on the 1947 crop but the loan rates on the component products can be revised in accordance with their relative market values and loan stocks. The present loan rates are: 60.8¢ per gallon on gum turpentine and $6.33 per cwt. on rosin. Loans may be obtained through the American Turpentine Farmers Association Cooperative, Valdosta, Georgia, which represents the producers of slightly more than 90 percent, by volume of gum naval stores.

Authority: Corporate Charter--Article Third, paragraph (b); section 7(a) of the Act of January 31, 1935, as amended (15 U.S.C. 713 (Sup. V)); section 4(b) of the Act of July 1, 1941 (15 U.S.C. 713a-8(b); and section 302(a) of the Agricultural Adjustment Act of 1938, as amended.

BASIS, 1949 ESTIMATE: Estimates are based on continued increases in combined gum and wood naval stores production without a corresponding rise in demand. The wood naval stores are nonagricultural and in 1946 accounted for 53 percent of the total turpentine output and 60 percent of the rosin output. Although not eligible for price support, the wood naval stores obviously predominate in the total situation and are influential in determining the extent to which support will be needed on gum naval stores.

Rosin: Total production of gum and steam-distilled wood rosin in the 1948 crop year (April 1948 - March 1949) is estimated at 2,150,000 drums. Assuming continued high domestic output of varnish and enamel, paper, and soap, some 1,200,000 drums of rosin may be consumed domestically leaving 950,000 drums for export or stock accumulation. It seems doubtful whether exports will exceed 690,000 drums in view of the shortage of dollar exchange and the remaining 260,000 drums are estimated to come under loan during fiscal year 1949.

Turpentine: Gum turpentine is faced with strong competition from other types--principally sulphate, and from mineral spirits in its major use, that of paint thinner. Violent price fluctuations followed price decontrol and these, together with a shortage of the commodity at that time, seriously impaired the distribution of turpentine, particularly in small containers. Whether the estimated 1948 aggregate gum and wood production of 680,000 barrels can be moved into consumption at better than support prices depends largely upon merchandising efforts. The gum producers have doubled the rate of dues paid to their association to support a vigorous advertising campaign, and an increasing number of processors are packaging gum turpentine in small containers. The present estimate is based on the assumption that the merchandising efforts of producers and processors will move 450,000 barrels into domestic consumption channels and that 150,000 barrels will be exported leaving 80,000 barrels to be placed under loan.

	Actual, 1947	Estimate, 1948	Estimate, 1949
Funds required to finance operations....	$29,696	$3,046,600	$12,100,000
Net gain (or loss*) on operations.....	*460	0	0

PRICE SUPPORT PROGRAM, All Other Commodities

Oats

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of oats, to promote orderly marketing and to enable producers to retain stocks on farms for feeding purposes.

Eligibility: Eligible producer is any individual, partnership, or association producing oats in 1947 as landowner, landlord, tenant, or sharecropper. Eligible oats are those grading No. 3 or better. Those grading weevily, smutty, ergotty, garlicky, tough, bleached, thin or containing in excess of 14½ percent moisture shall not be eligible for loan.

Operations: Nonrecourse loans are available from harvest through December 31, 1947, maturing April 30, 1948, or earlier on demand. Loan rates, adjusted for location and grade, are based on an average of 69 percent of parity as of April 15, 1947, or about 63 cents per bushel. Loans are made on a note-and-chattel-mortgage basis for oats stored on the farm and on a note-and-loan-agreement basis for oats stored in approved public warehouses. They are available through private lending agencies or direct from the Corporation. Interest will be at the rate of 3 percent per annum. No farm storage allowance will be paid and a deduction of 7 cents per bushel is made on warehouse-stored oats unless the producer has paid storage charges through April 30, 1947.

Purchases are made from harvest through December 31, 1947, when necessary, at the loan rate for the county where produced, basis f.o.b. track in carload lots to the extent storage space is available within reasonable distance from point of origin and such purchases appear justified to protect prices to growers. Purchase agreements are offered to producers from harvest through December 31, 1947. Intention to sell to the Corporation must be made known to the local County Agricultural Conservation Committee during the month of May, 1948. The producer will not be obligated to deliver any specified quantity of oats, but deliveries may not exceed the quantity the producer elected during the month of May to sell. The purchase price will be the applicable loan value.

Disposition of oats acquired will be to feeders of livestock and poultry, for export, and for industrial users in this country.

Authority: Corporate Charter-- Article Third, paragraph (b); section 7(a) of the Act of January 31, 1935, as amended (15 U.S.C. 713 (Sup. V)); section 4(b) of the Act of July 1, 1941 (15 U. S. C. 713a-8(b); and section 302(a) of the Agricultural Adjustment Act of 1938, as amended.

BASIS, 1949 ESTIMATE: This estimate is based on an anticipated 1948 crop production of 1,281 million bushels which is an increase of 120 million bushels over the 1936-45 average production. Requirements are expected to remain high which indicates that the market price will probably continue to exceed the support level resulting in very limited loan requirements estimated at about .2 percent of the total estimated 1948 production. In view of anticipated market prices, it is expected that all loans will be repaid during the fiscal year. No deliveries are estimated under the purchase agreement operations.

	Actual, 1947	Estimate, 1948	Estimate, 1949
Funds required to finance operations..	$364,388	$637,000	$1,413,000
Net gain (or loss*) on operations.....	3,056	0	0

PRICE SUPPORT PROGRAM, All Other Commodities

Rye

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of rye, assist producers in holding needed stocks of rye on farms for feed, promote orderly marketing of rye not needed for feed.

Eligibility: Eligible borrowers are farmers producing rye in 1947. Eligible commodity is rye grading No. 2 or better or grading No. 3 solely on the factor of test weight but otherwise grading No. 2 or better.

Operations: Non-recourse loans are available through December 31, 1947, maturing April 30, 1948, or earlier on demand. Loans are made on a note-and-chattel-mortgage basis for rye stored on the farm and on a note-and-loan agreement basis for that stored in approved public warehouses. The loan rate on rye is based on the loan rate for corn and the relative feeding values of the two grains. Loans may be obtained from private lending agencies or direct from the Corporation. Interest is at the rate of 3 percent per annum. No storage payment will be required on farm-stored rye, and a deduction of 7 cents per bushel will be made on warehouse-stored rye unless the producer pays the storage charges through April 30, 1948.

Authority: Corporate Charter--Article Third, paragraph (b); section 7(a) of the Act of January 31, 1935, as amended (15 U.S.C. 713 (SupV)); section 302(a) of the Agricultural Adjustment Act of 1938, as amended; and section 4(b) of the Act of July 1, 1941.

BASIS, 1949 ESTIMATE: This estimate is based on anticipated production of approximately 27.4 million bushels which is 10 million bushels below the 1937-46 average production. This estimated production plus carryover stocks of 2.4 million bushels would provide 7.5 million bushels for domestic food uses, 8 million bushels for feed, and about 11.5 million bushels for seed and other industrial purposes. Imports will probably exceed exports by 1/2 million bushels; therefore, estimated carryover stocks will be about 3.3 million bushels as of July 1, 1949. In view of demand and decreased production, it is assumed that the market price will be well above the support level resulting in loans being required for only 1 million bushels with all loans being redeemed.

	Actual, 1947	Estimate, 1948	Estimate, 1949
Funds required to finance operations	$ 0	-	$1,507,000
Net Gain (or loss*) on operations....	$14,932	-	0

PRICE SUPPORT PROGRAM, All other commodities

Seeds, Hay and Pasture

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of hay and pasture seed in order to maintain production of needed supplies, encourage harvesting, and assure producers of an outlet for their crops.

Eligibility: Eligible producer is any grower producing hay and pasture seed in 1947 as landowner, landlord or tenant. Eligible seed is alfalfa seed produced in 1947 complying with specifications as to seed purity and germination.

Operations: Purchase agreements are offered to producers from harvest through February 29, 1948. Intention to sell to the Corporation must be made known to the Local County Agricultural Conservation Committee during May 1948. The producer will not be obligated to deliver any specified quantity of seeds, but deliveries may not exceed the quantity the producer elected to sell during the 30 day period. The purchase price ranges from 17 cents to 25 cents per pound, according to location for seed meeting basic specifications. Discounts will apply for lower quality seed. Any seeds acquired under this program will be used to fill Government requirements, or will be sold for use by farmers.

Authority: Corporate Charter--Article Third, paragraph (b); section 7(a) of the Act of January 31, 1935, as amended (15 U.S.C. 713 (Sup. V)); section 4(b) of the Act of July 1, 1941 (15 U.S.C. 713a-8(b) (Sup. V)); and section 302(a) of the Agricultural Adjustment Act of 1938, as amended.

BASIS, 1949 ESTIMATE: This estimate is based on an anticipated production of approximately 150 million pounds of hay and pasture seed which will be eligible for price support purchase. Demand for these seeds usually exceeds the supply, except when a carryover is on hand at harvesting time for the new crop. At such times the supply exceeds the immediate demand and the price to growers is unreasonably depressed. Since stocks are estimated to be in excess of 38 million pounds on July 1, 1948, it is assumed that the Corporation will be required to purchase approximately 20 million pounds of the 1948 crop seed. This estimated 20 million pounds will be delivered to the Corporation toward the end of the fiscal year; therefore, it is assumed that the entire amount will be in inventory on June 30, 1949.

If production exceeds the present estimate, the Corporation might be required to purchase a larger quantity than the amount now estimated and some losses might be incurred in disposing of carryover stocks.

	Actual, 1947	Estimate, 1948	Estimate, 1949
Funds required to finance operations..	$307,717	$4,152,000	$4,202,000
Net gain (or loss*) on operations	*161,204	*165,000	-0-

PRICE SUPPORT PROGRAM, All Other Commodities

Seeds, Winter Cover Crop

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of certain varieties of winter cover crop seed in order to insure that adequate supplies are produced and are available for the planting of winter cover crops.

Eligibility: Eligible participant is any grower producing eligible seed in 1948. Eligible seeds are hairy vetch, crimson clover, and Austrian winter peas which have been cleaned and are of good quality.

Operations: Purchase agreements will be offered to growers from harvest through February 28, 1949. Intention to sell to the Corporation must be made known to the local County Agricultural Conservation Committee during May 1949. Seeds delivered shall not exceed the quantities specified in the agreements. The purchase prices per pound will be: 12 cents for hairy vetch, 11-1/2 cents for crimson clover, and 4 cents for Austrian winter peas with appropriate discounts in line with the value of the seed when it does not come up to the standards for top grade. An additional 1 cent per pound will be paid for the above seed when grown east of the Rocky Mountains. Disposition of seed acquired will be for export or sold for use by farmers.

Authority: Corporate Charter--Article Third, paragraph (b); section 7(a) of the Act of January 31, 1935, as amended; and section 4(b) of the Act of July 1, 1941.

BASIS, 1949 ESTIMATE: This estimate is based on the assumption that the production of seed for which price support will be available will total about 137 million pounds. It is assumed that the Corporation will be required to purchase about 7 percent of the eligible production from growers who are unable to sell their seed promptly at support levels due to temporary price dislocation in local markets.

Requirements for these seed usually exceed the supply, but a shift to new seed producing areas and greater production by farmers of their own seed requirements would tend to increase the production of those seeds that are now in short supply. This may cause a price decline making it necessary to purchase a larger quantity of the expanded production than now estimated with some losses being incurred.

	Actual, 1947	Estimate, 1948	Estimate, 1949
Funds required to finance operations..	$2,144,267	$2,395,000	$501,000
Net gain (or loss*) on operations	*520,136	290,000	-0-

PRICE SUPPORT PROGRAM, All Other Commodities

Sorghums, Grain

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of grain sorghums, to enable farmers to retain stocks on farms for feeding purposes, and to promote orderly marketing.

Eligibility: Eligible producer is any individual, partnership, or association producing grain sorghums in 1947 as landowner, landlord, tenant, or sharecropper. Eligible grain sorghums are those grading No. 4 or better (except those grading discolored, weevily, smutty, or containing in excess of 13 percent moisture in farm-stored and in excess of 14 percent in warehouse-stored).

Operations: Nonrecourse loans are available from the beginning of the marketing year through February 28, 1948, maturing April 30, 1948 or earlier upon demand. Loan rates will be adjusted for location and grade, and the county loan rates will average about $2.12 per cwt. for grain sorghums grading No. 2 or better, which is 76 percent of the April 15, 1947 parity price for grain sorghums. Loans will be made on a note-and-chattel-mortgage basis for grain sorghums stored on the farm and on a note-and-loan agreement basis for that stored in approved public warehouses. They may be obtained through private lending agencies or direct from the Corporation. Interest will be at the rate of 3 percent per annum. No storage allowances will be made for farm-stored grain sorghums, and a deduction of 9 cents per cwt. will be made on warehouse-stored grain sorghums unless the producer has paid the storage charges through April 30, 1948.

Purchase agreements are offered to producers from harvest through February 28, 1948. Intention to sell to the Corporation must be made known to the local County Agricultural Conservation Committee during the month of May 1948. The producer will not be obligated to deliver any specified quantity of grain sorghums, but deliveries may not exceed the quantity the producer elected to sell during May. The purchase price will be the applicable loan value.

Disposition of grain sorghums acquired will be to feeders of livestock and poultry, for export, and for industrial users in this country.

Authority: Corporate Charter--Article Third, paragraph (b); section 7(a) of the Act of January 31, 1935, as amended (15 U.S.C. 713a-8(b); and section 302(a) of the Agricultural Adjustment Act of 1938, as amended.

BASIS, 1949 ESTIMATE: This estimate is based on an anticipated production of 122 million bushels for the 1948 crop which is an increase of 26 million bushels over the estimated 1947 crop and 30 million bushels over the 1936-45 average production. With strong requirements for feed grains, it is assumed that prices will be well above support levels resulting in loan requirements for less than 10 percent of the total production. All loans are expected to be redeemed during the fiscal year. It is not anticipated that any deliveries will be made under the purchase agreement operation.

	Actual, 1947	Estimate, 1948	Estimate, 1949
Funds required to finance operations...	$ 496,424	$2,375,000	$13,575,000
Net gain (or loss*) on operations.....	10,141	-0-	-0-

PRICE SUPPORT PROGRAM, All Other Commodities

Wool

SUMMARY OF LATEST OPERATIONS:

Objective: To support a price to producers of wool in the continental United States and Territories at the price wool was supported in 1946.

Eligibility: Eligible wool is shorn and pulled wool produced in the continental United States and Territories. The producer of the shorn wool who had retained title thereto on August 15, 1947 and the original puller who had retained title to the pulled wool on the same date are eligible to participate in the program.

Operations: Purchases are authorized through December 31, 1948. Handlers will pay the support price to, or ascertain it was paid to the producers of such wool. Wool acquired under this and prior programs is to be stored in warehouses provided by the handlers, or, if necessary, warehouses engaged by the Corporation.

All Corporation-owned wool will be sold at the highest price obtainable and may be sold above or below the support price in order to make the most advantageous dispostion of the stocks, but will not be sold at prices which will be disruptive of the price support program or the market generally. Public Law 360 (80th Congress) authorized disposition of wool owned by the Corporation until December 31, 1948 without regard to any restriction imposed by law.

Authority: Corporate Charter--Article Third, paragraph (b); section 7(a) of the Act of January 31, 1935, as amended (15 U.S.C. 713 (Sup. V)); and Public Law 360 (80th Cong.), approved August 5, 1947.

BASIS, 1949 ESTIMATE: Production in the calendar years 1948 and 1949 is estimated to drop from 308 million pounds in 1947 to 300 in 1948 and 1949, while domestic mill consumption (grease basis) is expected to drop from 970 million pounds in 1947 to 875 million pounds in 1948 and 800 million pounds in 1949.

Purchases at 56.18 cents a pound in the fiscal year 1949 are estimated on 250 million pounds of the 1948 clip (49 million pounds in fiscal year 1948) and 49 million pounds of the 1949 clip, with sales at 48 cents a pound on both clips. Lowered sales prices are anticipated as a result of the announced reduction in tariff effective January 1, 1948.

Price support on the 1949 clip will depend on Congressional action at a subsequent date.

The 1941-45 five-year average of imports of foreign apparel wool, excluding the British wool imported free and stored in the years 1942-45, amounts to 654 millions of pounds a year.

	Actual, 1947	Estimate, 1948,	Estimate, 1949
Funds required to finance operations..	$167,648,018	$141,786,250	$172,138,000
Net loss* on operations.....	*42,332,597	*22,079,000	*30,321,000

SUPPLY PROGRAM

SUMMARY OF LATEST OPERATIONS:

Objective: This program is intended to facilitate the acquisition of agricultural commodities to meet requirements of foreign countries, State Department Foreign Relief programs, other governmental agencies, relief agencies and Section 32 or any similar appropriation to the Department of Agriculture.

Operations: Purchases are confined to commodities produced in the United States. Purchases for any claimant, other than a Federal government agency, require (1) a firm requisition or a firm contract from the claimant and (2) a deposit with the Treasurer, Commodity Credit Corporation, of cash or its equivalent, or other acceptable financial arrangements. Purchases for Federal agencies require a written order constituting a firm obligation. Purchases may be made in advance of firm commitments and prior to deposit of cash only upon specific authorization of the Board of Directors and Secretary of Agriculture when no risk of loss is involved.

During fiscal year 1947, grains, rice, and flour consisted of the major part of the supply purchases. The remaining purchases consisted of cotton, fats and oils, meat products, fish, and other miscellaneous commodities. Sales to claimants were approximately 40 percent to cash paying foreign governments, 36 percent to UNRRA, 23 percent to the Army, and 1 percent to other claimants.

Generally, purchases will be made at the best price obtainable at either an announced price or an offer and acceptance basis in quantities, at times and at prices which shall cause the least disturbance in market prices. Purchases may also be made under formal competitive bids.

Inventories acquired under supply purchases and price support operations are fungible and are merged in storage. When practicable, acquisitions under price support activities are used to fill orders from claimants in lieu of making specific purchases under this program. Transfers to claimants are at prices designed to reimburse the Corporation for all costs incidental to carrying out this operation. Disposition through commercial channels, donations, or destruction are made in accordance with statutory requirements and authorized policy.

Authority: Corporate Charter--Article Third, paragraphs (b) and (j); section 7(a) of the Act of January 31, 1935, as amended (15 U.S.C. 713 (Sup. V)); and Executive Order 9280.

BASIS, 1949 ESTIMATE: This estimate is based on the assumption that the Corporation will be purchasing agricultural products for the European Recovery Program. Total dollar volume of purchases for fiscal year 1949 is estimated to be $1,686,387,000 which is approximately the same as estimated purchases for fiscal year 1948 but is an increase of 54 percent over actual purchases during fiscal year 1947. Purchases of grains and grain products are estimated at $681,015,000; tobacco at $201,802,000; and dairy products $160,500,000. Purchases of beans and peas, fats and oils, dried fruit, canned juices, rice and other miscellaneous commodities account for the balance of the estimated purchases.

This estimate is subject to revision depending upon final action determining the size and scope of the recovery programs.

	Actual, 1947	Estimate, 1948	Estimate, 1949
Funds required to finance operations	$1,174,544,910	$1,769,256,282	$1,746,433,000
Net gain (or loss*) on operations	33,585,715	0	0

FOREIGN PURCHASE PROGRAM

SUMMARY OF LATEST OPERATIONS:

Objective: To procure and either import into the United States, or sell to foreign claimants without importation into the United States, food and agricultural products.

Operations: Purchases for foreign claimants without importation into the United States are made after purchase agreements have been executed with the State Department. Purchases for the Army are made by agents of the Corporation who are located in the foreign country where supplies are available. Quantities for importation into the United States are based on the amount private trade will require. Purchase agreements are then entered into with the foreign country to supply this amount.

The President and Vice President of the Corporation are authorized to approve such operations and obligate corporate funds required. Any unusual problems involving the use of Corporation funds or authority, or any unusually large procurement operations, are referred to the Board. Authority to make purchases of commodities abroad has been delegated to the commodity branches. However, purchases are not undertaken until approval has been obtained from the Vice President or the Board of Directors as to (a) the quantities to be bought, (b) the areas of operations, (c) range of price to be paid, (d) disposition to be made of the products, and (e) other major aspects of the transactions.

During fiscal year 1947, rice was purchased from Siam for the Philippines and for the War Department for use in Korea. Quantities purchased were in accordance with allocations made by the International Emergency Food Council. Rice procured was sold at cost price plus estimated procurement and handling charges.

Purchases of fats and oils were made from the Philippines, Argentina, Brazil, and Uruguay. Incentive goods such as textiles and equipment for harvesting and drying copra were furnished the Philippines in order to encourage copra collections. Linseed oil, babassu oil, and rapeseed oil were purchased from South American countries after purchase agreements were executed between the Corporation and the foreign country that had supplies available. Prices paid were based on prevailing prices in the United States. Quantities delivered were usually sold to private importers.

Cuban raw cane sugar was purchased at an average price of 4.9625 cents per pound, f. o. b. Cuba. Payment of the purchase price and other costs in connection with the transportation and delivery of the sugar was made by United States refiners, acting as agents for the Corporation, as sugar was shipped into the United States, who in turn purchased the sugar from the Corporation at a stipulated price. Advances of 90 percent

of the contract price were made available by the Corporation to sugar interests, for all sugar unshipped on June 1, 1947. Such advances are recovered when the sugar is sold to U. S. refiners, or lifted from Cuba by foreign claimants.

Purchases of up to one million pounds of Mexican canned meat were made between August 21, 1947 and October 31, 1947. The product moved from the plant of the vendors in bond to U. S. ports for use in meeting European relief needs. These purchases are to meet foreign requirements and also relieve the congested cattle situation in Northern Mexico and reduce the danger of the spread of the foot-and-mouth disease into the United States. Under this program, the Corporation transfers funds to the appropriation for the eradication of foot-and-mouth and other contagious diseases of animals. Meat purchased from such funds is transferred to and sold by the Corporation. Proceeds from the sale of such canned meat are being applied by the Corporation as a credit against the transfers made.

In order to facilitate prompt payments to foreign sellers for commodities purchased abroad, the Corporation has entered into contracts with several United States banks for the issuance of commercial letters of credit. Under this arrangement, the issuing bank honors sight drafts drawn by the foreign sellers on the basis of the accompanying bills of lading, inspection certificate and other documents. The bank is then reimbursed by the Corporation upon presentation of the said draft and prescribed documents.

Authority: Corporate Charter--Article Third, paragraphs (b), (d), (g), and (l); section 7(a) of the Act of January 31, 1935, as amended (15 U. S. C. 713 (Sup. V)); and Executive Orders 9630 and 9177.

BASIS, 1949 ESTIMATE: This estimate is based on the assumption that a major portion of foreign procurement activities will be returned to commercial trade channels during fiscal year 1949. It is assumed that the Corporation may be required to purchase for domestic use 60 million pounds of oils valued at $12,150,000 from foreign markets that are not open to private trade at this time. Purchases of sugar for use in the European recovery plan are estimated at 950,650 tons valued at $95,065,000. It is estimated that purchases of approximately 75 million pounds of canned meat will be made in both fiscal year 1948 and 1949 for use in meeting foreign requirements, to relieve the congested cattle situation in northern Mexico and make the spread of the foot-and-mouth disease into the United States less likely.

If it is determined that foreign agricultural products are to be used extensively in meeting European recovery program needs and it is determined that the Commodity Credit Corporation will conduct these operations, substantial increases in foreign purchase program activities may result.

	Actual, 1947	Estimate, 1948	Estimate, 1949
Funds required to finance operations..	$432,112,028	$345,903,785	$129,790,000
Net gain (or loss*) on operations.....	20,871,948	159,600	0

COMMODITY EXPORT PROGRAM

Cotton

SUMMARY OF LATEST OPERATIONS:

Objective: To facilitate the exportation of cotton at competitive world prices.

Eligibility: Eligible commodity is Commodity Credit Corporation owned and pooled cotton, the exportation of which would not result in a shortage in the United States.

Operations: Cotton is sold direct to foreign purchasers by the Corporation or made available to exporters from Corporation stocks at competitive world prices in order to permit American cotton to compete in the world market. The Corporation absorbs losses due to resulting price reductions below domestic prices. Until February 13, 1947 the differential between domestic and world market prices was established at 4 cents a pound; on February 13, 1947 the differential was reduced to 2 cents a pound; and on May 8, 1947 it was reduced to 1/2 cent a pound.

Authority: Corporate Charter--Article Third, paragraphs (b) and (d); section 7(a) of the Act of January 31, 1935, as amended (15 U. S. C. 713 (Sup. V)); and section 21(c) of the Surplus Property Act of 1944 (58 Stat. 775).

BASIS, 1949 ESTIMATE: It is anticipated that the Corporation will dispose of a small amount of short staple cotton obtained by acquisition of collateral securing price support loans under this program during the fiscal year 1949.

	Actual, 1947	Estimate, 1948	Estimate, 1949
Funds required to finance operations...	$19,225,915	$54,500	$225,000
Net gain (or loss*) on operations.....	*19,225,915	*54,500	*225,000

Administrative Expenses, Commodity Credit Corporation

Appropriation Act, 1948	$ 8,450,000
Budget Estimate, 1949	7,575,000
Decrease, 1949	1/ -875,000

DECREASES

The decrease of $875,000 is composed of the following:

(a) A decrease of $100,000 due to liquidation of foreign contract settlement activities.

(b) A decrease of $775,000 due to a decrease in price support purchase activities, foreign purchases, and liquidation of the subsidy programs.

Explanation of Decreases

The current budget outlook for the Corporation's price support operations during the fiscal year 1948 indicates a smaller volume than was estimated a year ago when the 1948 budget was developed. A high national income and continued foreign demand are providing a more adequate market for most agricultural commodities than was anticipated earlier. It is not likely that a price support program as large as that upon which the administrative expense authorization was based will develop during the fiscal year 1948. As a result, it has been unnecessary to budget at this time the entire $8,450,000 administrative expense authorization for the fiscal year 1948. Consequently, $600,000 of the authorization has been placed in reserve.

An increase in workload in connection with price support loan operations is expected during the fiscal year 1949 compared with the fiscal year 1948. Experience in past years has shown that heavy loans, followed by heavy repayments, are frequently made even when prices are high. However, it is anticipated that this increase will be more than offset by decreases in workload on price support purchases, subsidy, and foreign purchase operations. Price support purchases are expected to decrease by about 10% from 1948 to 1949. Foreign purchases are expected to decrease by about one-half. Only a very small amount of liquidation work will remain

1/ In addition, provision is being made to pay costs of auditing the books of the Corporation by the General Accounting Office from the administrative limitation during the fiscal years 1948 and 1949. Thus a charge of $250,000 against the administrative limitation for audit costs during the fiscal year 1948 is estimated which was not anticipated when the budget for the fiscal year 1948 was considered. These costs during the fiscal year 1949 will amount to $225,000. Thus the real reduction in the budget request below the actual administrative authorization for the fiscal year 1948 amounts to $1,100,000.

TABLE I - COMMODITY CREDIT CORPORATION

SUMMARY STATEMENT OF FUNDS REQUIRED FOR OPERATING PROGRAMS

(Fiscal years ending June 30, 1947, 1948, and 1949)

	Loans	Purchases	Carrying charges	Direct losses	Other program expenses	Total funds required
FISCAL YEAR 1947						
Price support program						
Basic commodities	$197,920,267	$70,115,482	$4,333,397	.....	$584,896	$272,954,042
Steagall commodities	77,515,867	158,529,954	7,574,586	$18,128,165	268	261,748,840
All other commodities	2,354,097	238,608,852	8,943,907	.....	70,336	249,977,192
Total, price support program	277,790,231	467,254,288	20,851,890	18,128,165	655,500	784,680,074
Supply program	.....	1,094,536,066	80,004,734	.....	4,110	1,174,544,910
Foreign purchase program	.....	382,044,014	50,066,167	.....	1,847	432,112,028
Subsidy program	.....	.....	.....	*12,982,399	.....	*12,982,399
Commodity export program	.....	.....	.....	19,226,533	.....	19,226,533
Loan to Secretary of Agriculture	16,000,000	.....	.....	.....	.....	16,000,000
Total, 1947	293,790,231	1,943,834,368	150,922,791	24,372,299	661,457	2,413,581,146
FISCAL YEAR 1948						
Price support program						
Basic commodities	413,591,000	30,000,000	1,517,500	.....	746,000	445,854,500
Steagall commodities	115,165,000	137,321,900	7,173,500	3,500,000	508,000	263,668,400
All other commodities	8,291,600	204,274,139	11,817,910	.....	36,000	224,419,649
Total, price support program	537,047,600	371,596,039	20,508,910	3,500,000	1,290,000	933,942,549
Supply program	.....	1,689,069,500	80,186,782	.....	.....	1,769,256,282
Foreign purchase program	.....	298,287,700	47,616,085	.....	.....	345,903,785
Subsidy program	.....	.....	.....	75,000	.....	75,000
Commodity export program	.....	.....	.....	54,500	.....	54,500
Loan to Secretary of Agriculture	37,635,000	.....	.....	.....	.....	37,635,000
Total, 1948	574,682,600	2,358,953,239	148,311,777	3,629,500	1,290,000	3,086,867,116
FISCAL YEAR 1949						
Price support program						
Basic commodities	830,450,000	32,400,000	1,560,000	.....	2,316,000	866,726,000
Steagall commodities	224,765,000	130,745,000	8,043,000	.....	1,559,000	365,112,000
All other commodities	45,750,000	172,428,000	4,445,000	.....	198,000	222,821,000
Total, price support program	1,100,965,000	335,573,000	14,048,000	.....	4,073,000	1,454,659,000
Supply program	.....	1,686,387,000	60,046,000	.....	.....	1,746,433,000
Foreign purchase program	.....	128,590,000	1,200,000	.....	.....	129,790,000
Subsidy program	.....	.....	.....	.....	.....	.....
Commodity export program	.....	.....	.....	225,000	.....	225,000
Loan to Secretary of Agriculture	37,635,000	.....	.....	.....	.....	37,635,000
Total, 1949	1,138,600,000	2,150,550,000	75,294,000	225,000	4,073,000	3,368,742,000

*Deduct.

to be done on the sugar subsidy program in 1949. As a result of this decline in workload, it is estimated that needs under the CCC administrative expense limitation for fiscal year 1949 will be about $175,000 less than those of fiscal year 1948. This reduction, together with the $600,000 saving expected in 1948, makes up the anticipated decrease of $775,000 for price support, foreign purchase, and subsidy operations.

General Statement

The Corporation's administrative functions may be divided into two major parts:

1. Those functions performed by the Corporation in carrying out price support, foreign purchase, commodity export programs, and sugar subsidy liquidation, for which the administrative costs are payable from the capital funds of the Corporation subject to an annual limitation established by the Congress.

2. Administrative functions performed in connection with procuring agricultural commodities for Cash Paying Governments, "European Recovery Program," as authorized by the Congress, Federal Agencies, quasi-public relief societies, etc. Administrative costs for these functions are paid from funds obtained by advances, transfers, or reimbursements from the various claimants.

The following table shows extimated obligations for administrative expenses during the fiscal year 1948 compared with budget estimates for fiscal year 1949:

(See next page)

Estimated Obligations, Fiscal Year 1948, Compared With Budget Estimates, Fiscal Year 1949

Item	Estimated Obligations, 1948	Budget Estimates 1949	Increase (+) or Decrease (-) 1949 Compared With 1948
Programs conducted by CCC and financed under CCC administrative expense limitation	$ 7,850,000	$ 7,575,000	-$275,000
Reimbursable administrative expenses on purchase of agricultural commodities for cash-paying foreign governments, liquidation of UNRRA, relief assistance to devastated countries, aid to Greece and Turkey, interim aid and the economic recovery plan	12,915,000	12,136,000	-779,000
Services rendered other departmental appropriations	3,611,660	3,013,530	-593,130
Total estimated obligations, fiscal year 1948, and budget estimate, fiscal year 1949	24,376,660	22,724,530	-1,652,130
Deduct funds received by advance or transfer from UNRRA, cash-paying foreign governments, and other appropriations	16,526,660	15,149,530	-1,377,130
Total estimated obligations payable from CCC capital funds, fiscal year 1948, and budget estimates, fiscal year 1949	7,850,000	7,575,000	-275,000
Reserve from CCC authorization for contingencies	600,000	---	-600,000
Total CCC authorization or estimate	8,450,000	7,575,000	-875,000

The following table shows a comparison of the anticipated program volume of fiscal year 1948 with that of 1949:

Comparative Volume of Program Activities, Fiscal Years 1948 and 1949

	Estimated Program Volume 1948	Estimated Program Volume 1949	Increase (+) or Decrease (-), 1949 Compared With 1948	Percent of increase (+) or decrease (-) 1949 Compared With 1948
rice Support Program:				
Loans:				
New loans made	$ 537,048,000	$ 1,100,965,000	+$563,917,000	+105%
Repayments	428,410,000	999,900,000	+571,490,000	+135%
Collateral acquired	2,050,000	2,883,000	-833,000	+40%
Outstanding at end of fiscal year	227,783,000	324,665,000	+96,882,000	+45%
Purchases	371,596,000	335,573,000	-36,023,000	-10%
Sales	368,547,000	322,285,000	-46,262,000	-15%
upply Program:				
Purchases	1,689,070,000	1,686,387,000	-2,683,000	-0.2%
Sales	1,763,055,000	1,776,349,000	+13,294,000	+1%
oreign Purchase Program:				
Purchases	298,288,000	128,590,000	-169,698,000	-55%
Sales	1/ 371,214,000	2/ 129,790,000	-241,424,000	-65%
bsidy Program (sugar)	3/ 75,000	Liquidation only	-75,000	-100%
mmodity Export Program (cotton)	54,000	225,000	+171,000	+315%

1/ Approximately $84,000,000 of sales will be to foreign claimants.
2/ Approximately $95,000,000 of sales will be to foreign claimants.
3/ Net payments.

ITEMIZATION OF ESTIMATES

Appropriation: Administrative expenses, Commodity Credit Corporation

Funds Available For Obligation

Item	Estimate, 1948	Budget Estimates, 1949	Increase (+) or Decrease (-)
Limitation or Estimate	8,450,000	7,575,000	-875,000
Transferred to (advance by check			
"Salaries and expenses, Office of the Secretary of Agriculture"	-76,560	-76,560	- -
"Salaries and expenses, Office of Solicitor, Department of Agriculture"	-128,000	-132,000	-4,000
"Salaries and expenses, Office of Information, Department of Agriculture"	-13,975	-13,975	- -
"Salaries and expenses, Section 392, Agricultural Adjustment Act of 1938"	-850,000	-850,000	- -
Reimbursements for services performed	+6,342,016	+8,760,000	+2,417,984
Payments received from non-Federal sources	+6,572,984	+3,376,000	-3,196,984
Estimated savings	-600,000	- -	+600,000
Total Obligations (inclusive of reimbursements)	19,696,465	18,638,465	-1,058,000

Obligations by Objects

Standard Classification			
01 Personal services	16,498,465	15,439,465	-1,059,000
02 Travel	521,000	486,000	-35,000
03 Transportation of things	57,000	54,000	-3,000
04 Communication services	515,000	480,000	-35,000
Payment for penalty mail	30,000	30,000	- -
05 Rents and utility services	1,018,000	948,000	-70,000
06 Printing and binding	195,000	190,000	-5,000
07 Other contractual services	448,000	632,000	+184,000
General Accounting Office Audit	250,000	225,000	-25,000
08 Supplies and materials	164,000	154,000	-10,000
Grand total obligations	19,696,465	18,638,465	-1,058,000
Reimbursements for services performed	-6,342,016	-8,760,000	- -
Payments from non-Federal sources	-6,572,984	-3,376,000	- -
Total available (exclusive of reimbursements)	6,781,465	6,502,465	- -

(b) Conservation and Use of Agricultural Land Resources

Appropriation Act, 1948	$228,000,000
Budget Estimate, 1949	150,000,000
Decrease, 1949	78,000,000

The Agricultural Conservation Program is on a calendar (crop) year basis. The 1947 program which closed on December 31, 1947 is financed from funds provided in the 1948 Agricultural Appropriation Act. For the 1948 program, the Congress in the 1948 Agricultural Appropriation Act authorized a program of soil-building and soil-and-water-conserving practices, the total cost of which, including administration, was limited to $150,000,000. It is for this program that the 1949 Budget Estimate is submitted.

For the 1947 Agricultural Conservation Program, the Tobacco Marketing Quota Program and the Peanut Marketing Quota Program there was appropriated in 1948 the sum of $228,000,000 which together with $37,635,000 of the 1947 appropriation used in connection with the advance purchase of Conservation Materials and Services for the 1947 program, made a total of $265,635,000 available -- $260,635,000 for the 1947 Agricultural Conservation Program, $2,552,000 for the Tobacco Marketing Quota Program, and $2,520,000 for the Peanut Marketing Quota Program.

For the 1948 Agricultural Conservation Program, the Tobacco Marketing Quota Program and the Peanut Marketing Quota Program, the Budget Estimate provides $150,000,000 which together with $5,072,000 of the 1948 appropriation used for the advance purchase of conservation materials and services in connection with the 1948 program will make a total of $155,072,000 available -- $150,000,000 for 1948 Agricultural Conservation Program, $2,552,000 for the Tobacco Marketing Quota Program and $2,520,000 for the Peanut Marketing Quota Program.

Therefore, while there is an apparent decrease of only $78,000,000 in the appropriation, there is an actual decrease of $110,563,000 in funds available for the 1948 program as reflected on the project statement on the following page.

PROJECT STATEMENT

Project	On a Program Basis			Increase (+) or Decrease (–)
	1946 Fiscal Year 1947 Estimated	1947 Fiscal Year 1948 Estimated	1948 Fiscal Year 1949 Estimated	
Agricultural Conservation Program				
Conservation payments to farmers	$278,193,532	240,561,264	130,023,384	-$110,537,880
Allotments from program funds to other agencies for program expenses incurred by them:				
Division of Disbursement, Treasury Department	238,133	199,546	199,416	-130
Office of Treasurer of the United States	18,515	21,190	19,200	-1,990
General Accounting Office	331,674	274,000	251,000	-23,000
Cost of Aerial photographs	357,000	357,000	357,000	--
Total	945,322	851,736	826,616	-25,120
Operating Expenses:				
National and State				
Production and Marketing Administration				
State and Insular offices	6,271,902	3,854,437	3,854,437	--
All other offices and branches	2,130,346	751,050	751,050	--
Production and Marketing Administration	8,402,248	4,605,487	4,605,487	--
Cooperating agencies				
Extension Service	660	1,000	1,000	--
Forest Service	18,917	19,513	19,513	--
Office of Information	6,619	--	--	--
Cooperating agencies	26,196	20,513	20,513	--
Total, National and State Expenses	8,428,444	4,626,000	4,626,000	--
County				
Production and Marketing Administration				
County Agricultural Conservation Associations	18,510,815	14,756,414	14,756,414	--
Forest Service	108,024	97,586	97,586	--
Subtotal, County expenses	18,618,839	14,854,000	14,854,000	--
Total, Operating Expenses	27,047,283	19,480,000	19,480,000	--

Project	On a Program Basis			
	1946 Fiscal Year 1947 Estimated	1947 Fiscal Year 1948 Estimated	1948 Fiscal Year 1949 Estimated	Increase (+) or Decrease (-)
Total Obligations, Agricultural Conservation Program	306,186,137	260,893,000	150,330,000	-110,563,000
Receipts from sales of aerial photographs	-330,000	-330,000	-330,000	- -
Net Obligations, Agricultural Conservation Program	305,856,137	260,563,000	150,000,000	-110,563,000
Tobacco Marketing Quota Program				
Operating Expenses				
National and State				
Production and Marketing Administration				
State offices	373,558	498,250	498,250	- -
All other offices and branches	69,866	125,750	125,750	- -
Subtotal, National and State Expenses	443,424	624,000	624,000	- -
County				
Production and Marketing Administration				
County Agricultural Conservation Associations	1,420,249	1,896,000	1,896,000	- -
Printing and Binding	32,000	32,000	32,000	- -
Total Obligations, Tobacco Marketing Quota Program	1,895,673	2,552,000	2,552,000	- -
Peanut Marketing Quota Program				
Operating Expenses				
National and State				
Production and Marketing Administration				
State offices	- -	326,800	326,800	- -
All other offices and branches	- -	73,200	73,200	- -
Subtotal, National and State Expenses	- -	400,000	400,000	- -

Project	On a Program Basis			Increase (+) or Decrease (-)
	1946 Fiscal Year 1947 Estimated	1947 Fiscal Year 1948 Estimated	1948 Fiscal Year 1949 Estimated	
County Production and Marketing Administration County Agricultural Conservation Associations	- -	2,100,000	2,100,000	- -
Printing and Binding	- -	20,000	20,000	- -
Total Obligations, Peanut Marketing Quota Program	- -	2,520,000	2,520,000	- -
Grand Total Obligations, all programs	307,751,810	265,635,000	155,072,000	-110,563,000(1)
Adjustments				
Difference in amount used for advance purchases of conservation materials and services from prior fiscal year's appropriation for current program and amount to be used for advance purchase of conservation materials and services from current fiscal year's appropriation for ensuing calendar year	+22,494,190	- -	-5,072,000	+5,072,000
Received by loan from Commodity Credit Corporation	-16,000,000	-37,635,000	-37,635,000	- -
Repayment of loan from Commodity Credit Corporation	- -	- -	+37,635,000	-37,635,000
Net Obligations, appropriated funds	314,246,000	228,000,000	150,000,000	-78,000,000
Received by transfer from "Exportation and Domestic Consumption of Agricultural Commodities"	-42,500,000	- -	- -	- -
Total Estimate or appropriation	271,746,000	228,000,000	150,000,000	-78,000,000

DECREASES

(1) The decrease of $110,563,000 in program funds consists of the following:

(a) A decrease of $110,537,880 in financial assistance to farmers in carrying out approved soil-building and soil-and-water-conserving practices.

The decrease in payments to farmers cooperating in the 1948 Agricultural Conservation Program will be effected by (1) withdrawing assistance entirely for some practices, (2) reducing still further the share of the cost of practices borne by Federal funds, and (3) in a limited number of cases, reducing the maximum payment to any participant from the $500 limit set by law to a decidedly lower figure.

(b) A decrease of $25,120 in transfers to cooperating agencies for issuing and paying checks, making collections and preauditing conservation payments.

This decrease is due principally to the consolidation of General Accounting Office Preaudit Offices in 1948.

CHANGES IN LANGUAGE

The estimates include proposed changes in the language of this item as follows (new language underscored, deleted matter enclosed in brackets):

Change No.

For expenses necessary to enable the Secretary to carry into effect the provisions of sections 7 to 17, inclusive, of the Soil Conservation and Domestic Allotment Act, approved February 29, 1936, as amended (16 U.S.C. 590g-590q), and the provisions of the Agricultural Adjustment Act of 1938, as amended (7 U.S.C. 1281-1407) (except the provisions of sections 201, 202, 303, 381, and 383 and the provisions of titles IV and V), including personal services in the District of Columbia; not to exceed $6,000 for the preparation and display of exhibits, including such displays at State, interstate, and international fairs within the United States; /$228,000,000/ $150,000,000, to remain available until December 31, /1948/ 1949, for compliance with programs under said provisions of the Agricultural Adjustment Act of 1938, as amended, and the Act of February 29, 1936, as amended, pursuant to the provisions of the /1947/ 1948 programs carried out during the period July 1, /1946/ 1947, to December 31, /1947/ 1948, inclusive: PROVIDED, That not to exceed $24,500,000 of the total sum provided under this head shall be available during the current fiscal year, for salaries and other administrative ex-
1 penses for carrying out such programs, including the tobacco and peanut-marketing quota /program/ programs, the cost of aerial photographs, however, not to be charged to such limitation; but

not more than /$7,080,813/ $7,000,000 shall be transferred to the appropriation account, "Administrative expenses, section 392, Agricultural Adjustment Act of 1938": PROVIDED FURTHER, That payments to claimants hereunder may be made upon the certificate of the claimant, which certificate shall be in such form as the Secretary may prescribe, that he has carried out the conservation practice or practices and has complied with all other requirements as conditions for such payments and that the statements and information contained in the application for payment are correct and true, to the best of his knowledge and belief, under the penalties of the Act of March 4, 1909, as amended (18 U.S.C. 80): PROVIDED FURTHER, That none of the funds herein appropriated or made available for the functions assigned to the Agricultural Adjustment Agency pursuant to the Executive Order Numbered 9069, of February 23, 1942, shall be used to pay the salaries or expenses of any regional information employees or any State or county information employees, but this shall not preclude the answering of inquiries or supplying of information to individual farmers: PROVIDED FURTHER, That such amount shall be available for salaries and other administrative expenses in connection with the formulation and administration of
2 the /1948/ 1949 programs (amounting to /$150,000,000/ $300,000,000, including administration, and formulated on the basis of a distribution of the funds available for payments and grants among the several States in accordance with their conservation needs as determined by the Secretary: PROVIDED FURTHER, That the proportion allocated to any State shall not be reduced more than 15 per centum from the 1946 distribution and that no participant shall receive more than
3 $500) of soil-building practices and soil-and /water-conservation/ water-conserving practices, under the Act of February 29, 1936, as amended, and programs under the Agricultural Adjustment Act of 1938, as amended; but the payments or grants under such program shall be conditioned upon the utilization of land with respect to which such payments or grants are to be made, in conformity with farming practices, which will encourage and provide for soil-building and soil-and-water-conserving practices in the most practical and effective manner and adapted to conditions in the several States, as determined and approved by the State committee appointed pursuant to section 8(b) of the Soil Conservation and Domestic Allotment Act, as amended for the respective States: ****

Other than the usual changes in amount of appropriation and year dates applicable to the programs covered by the appropriation and the period of availability thereof, the estimates include changes as follows:

Change No. 1 adds the words "tobacco and" and changes the word "program" to "programs" with reference to administrative expenses. When the Congress provided funds to administer the peanut marketing quotas program in the 1948 Agricultural Appropriation Act, language was inserted to cover expressly such program. Since tobacco marketing quotas are now in effect, funds for the administration of which are also included in this item, it appears advisable to make specific reference to the tobacco marketing quota program. This will set forth all the programs for which

administrative expenses provided by this item may be used.

Change No. 2 increases the amount of the program authorization to $300,000,000 for the crop year 1949.

The prospect for world food supplies this year is worse even than for the preceding postwar years of starvation and near-starvation in many parts of the world. Disastrous weather conditions last winter and summer reduced harvests in food-deficit countries and reduced the corn crop in this country below our minimum needs. The demands of the Economic Recovery Program, together with continued high domestic demands, will call for production goals which are too high from the standpoint of good land use. It will mean that erosion will be speeded and heavy drains will be made upon the natural fertility of the soil. It will mean delaying the shift to a proper balance between soil-conserving and soil-depleting crops on the American farms. Unless soil-conserving practices are continued and expanded which will contribute toward the required production and at the same time protect the soil as far as possible while under intensive use for soil-depleting crops, the nation's farmland will be vulnerable to major disasters.

It is therefore important that adequate provision be made for the 1949 agricultural conservation program so that a program may be planned which will maintain or restore our agricultural plant and keep our farms producing on a sustained yield basis.

Change No. 3 changes the words "water-conservation" to "water-conserving". It is considered desirable to make this change in order to make it consistent with similar language in another part of the item.

STATUS OF PROGRAM

Agricultural Conservation Program

Scope of Program--The agricultural conservation program affords every farmer and rancher in the United States, Puerto Rico, Hawaii, Alaska, and the Virgin Islands the opportunity to conserve and build up the fertility of his farm through financial assistance for positive performance of approved conservation measures. It has been a major factor in the Nation's efforts to maintain the productivity of the soil--to keep the agricultural plant in a healthy condition to produce abundant food and fiber.

Conservation before the war and present outlook--During the six years before the war, farmers participating in the agricultural conservation program made tremendous strides in conservation farming. Soil-building and soil-and water-conserving practices carried out during these years were instrumental in retarding erosion, restoring fertility to depleted lands, and stopping downward trends in yields. However, for the past seven years there have been abnormal production demands upon the soil--first, to carry on the war and now, to preserve the peace. The present outlook is that the extreme demands of food-deficit countries together with the continued high domestic demands will require an exceedingly high level of agricultural production for a number of years. The pressure of these combined demands has speeded erosion and has made heavy drains upon the natural fertility of the soil. It is inevitable that soil depletion will surpass soil rebuilding.

Approach to conservation problem--The approach to the conservation problem used in the agricultural conservation program has become more definite with years of experience. Certain key points in a system of permanent soil fertility are selected depending upon local conditions and all the program emphasis and assistance is placed on these key points. Key practices such as liming to increase legume production are essential to the success of the whole system of soil conservation. They are also the practices which the majority of farmers do not carry out without program assistance. As rapidly as farmers recognize the value of a practice and it can be done without danger of decreasing the extent of the practice to be performed, more of the cost of carrying out a practice is shifted to the farmers. This permits placing monetary emphasis on critically-needed practices which are not being carried out in the desired volume and adding other desirable practices.

Effect of all-out production--The prospect for world food supplies is worse now than for the preceding postwar years. For this reason, the total crop goals recommended by the Department call for the continuation of a high percentage of cropland in cultivated row crops. It will be necessary to delay shifting to practices to repair the damage caused by this intensive cropping or to resume the long range progress which was well under way when the war began. For the time being it will be necessary to continue emphasis on the annual or recurring practices--

those practices which will have the immediate effect of increasing crop yields and at the same time hold soil depletion to a minimum. Any drop in the present volume and extent of such practices will bring the land to the brink of a major disaster, subject to severe damage in case of a prolonged drought or other abnormal weather conditions.

There is a present vital need for a conservation job bigger even than that which was done before the war. Accelerated production of soil-depleting crops over a period of years had jeopardized the future ability of the land to produce and many critical soil problems resulted.

1948 Agricultural Conservation Program--The major responsibility of adjusting the 1948 agricultural conservation program to do as good a job as possible in meeting these very critical conservation needs was delegated to the State and County committees. Accordingly, the national program was planned to allow substantial room for exercise of judgment by the State and County committees in selecting practices which would step up production and at the same time protect the soil as far as it can be protected while under intensive use. No practice was eliminated nationally but all were left to the discretion of the committees. This will result in getting performance of the most critically needed practices in each area for needs which vary radically from the corn belt to the range country to the cotton belt. There may even be wide variations on single farms. Committees are in a position to make adjustments to fit local needs and in a manner that will least affect participation and performance.

The objective of the agricultural conservation program is to maintain permanently the productivity of the soil. To this end the agricultural conservation program offers assistance for practices which will:

(1) retard and prevent erosion so far as is possible and practical
(2) prevent depletion of soil fertility
(3) provide for the conservation and efficient use of available water supplies, either from rainfall or irrigation, in arid and semi-arid areas

In formulating the 1948 agricultural conservation program, the problem of reduced funds was met locally by (1) withdrawing assistance entirely for some practices, (2) reducing still further the share of the cost of practices borne by Federal funds, and (3) in a limited number of cases, reducing the maximum payment to any participant from the $500 limit set by law to a considerably lower figure.

The reduction in assistance available will undoubtedly force many of the smaller farmers out of the program notwithstanding the fact that the relative advantage that small farmers enjoy will be increased still further.

Figures from six States in which a special study was made show that the average rate of assistance per acre under the program is very much greater on these smaller farms. Assistance per acre as related to size of farm in these six States was as follows:

Size of farm	Average assistance per acre of cropland, pasture and range
Under 20 acres	$1.67
20 to 60 acres	1.09
60 to 120 acres	.86
120 to 200 acres	.74
200 to 360 acres	.60
360 to 720 acres	.51
Over 720 acres	.40

Relatively, more of the conservation funds are paid on the smaller farms. Apparently conservation needs are greater there on the average and the ability of the operators to carry out practices without assistance averages less. It is estimated that there will be a reduction of about 13 percent in the number of farmers participating in the program.

It is difficult to estimate the extent of individual practices that will be carried out. Below, however, is a list showing estimated participation in selected practices in 1948, expressed as a percentage of the participation in these practices in 1947, which represents the combined judgment of many State committees:

Practice	Estimated 1948 extent of practices as % of 1947
Application of limestone	63
Application of phosphate	64
Green manure and cover	52
Terracing	80
Contour seeding close sown crops	63
Contour farming intertilled crops	62
Stripcropping	48
Protecting summer fallow	50
Farm drainage ditches	58
Seeding and reseeding pasture and range	70
Construction of dams and reservoirs	63
Drilling and digging wells	49
Planting trees for forest or windbreaks	45

As mentioned previously, the percentage of total cost of conservation practices contributed by the Government has been cut each year. It is

estimated that in 1948 the Government's share will be about 46 percent of the out-of-pocket cost. As the cost to the farmer has grown, many farmers, mainly small operators, have dropped out of the program. The number of participants since 1943 when crop payments were practically eliminated is as follows:

Year	Number
1944	3,849,000
1945	3,406,000
1946	3,206,000
1947	3,000,000 (estimated)
1948	2,600,000 (estimated)

A small part of the decrease in the number of participants is attributable to farm consolidations but most of it arises from other causes. Farmers stop carrying out conservation practices as Government assistance decreases. The small farmers cannot afford to spend money for practices, the benefits of which are delayed. This is especially true in the case of tenants where, in many instances, the benefits will accrue to future operators. Many large commercial farmers will undoubtedly carry out good farming practices but this results in "checkerboard" conservation farming and does not assure an agricultural plant that will safeguard future sources of food and fiber. The record of accomplishment to date of soil-and water-conserving practices and soil-building practices has been excellent.

Examples of progress made--Great progress has been made in the use of conservation practices as shown by the following examples.

The use of lime has increased to over 5 times the 5 million tons used in 1938--to over 27 million tons in 1946. The use of phosphate and potash on cover crops, pastures, grass and legume seedings has increased to more than 6 times the 400,000 tons used in 1938--to more than 2-1/2 million tons in 1946.

The application of lime might be mentioned as a key practice. It is an essential step in the system of permanent soil fertility in the humid areas. Clovers, alfalfa, and most of the legumes cannot thrive without lime and certain essential mineral elements. Legumes are a key point in a system of permanent soil fertility and experience has shown that the best way to get them grown is to provide lime and minerals. When that is done a great majority of farmers will seed the legumes themselves. As a result, most of the seeding payments have been dropped from the program but assistance with lime, phosphate, and potash has been retained although at lower rates. Increased acreages of clovers and other legumes are already bringing a tremendous improvement in soil

fertility and in reducing erosion. Dropping assistance for lime, phosphate, and potash would again bring the resumption of the slow soil wastage through depletion that has already driven millions of acres into abandonment and brought many millions more to inefficient and low production.

The planting of green manure and cover crops under the agricultural conservation program has increased from about 11 million acres in 1938 to over 21 million acres in 1946, or almost 100 percent.

Green manure crops, when turned under, add organic matter and plant food to the soil. Cover crops prevent erosion and leaching and help to prevent the runoff of water.

The use of contour farming for intertilled and close-seeded crops under the agricultural conservation program--one of the most effective methods of controlling erosion--has increased from 5-1/2 million acres in 1938 to almost 11-1/2 million acres in 1946, almost doubling the acreage since 1938.

Stripcropping has increased from almost 3/4 million acres in 1938 to over 6-1/2 million acres in 1946, an increase of more than 700 percent. Stripcropping is one of the most effective methods of controlling wind erosion.

The annual rate of building stock ponds under the agricultural conservation program has increased from about 49,000 in 1938 to about 112,000 in 1946. By the end of 1946 the total number of stock ponds constructed under the agricultural conservation program had reached 680,000.

Stockponds encourage a better distribution of livestock since the entire range can be utilized which prevents overgrazing and erosion.

Similar gains have been made under the agricultural conservation program with respect to protecting summer fallowed land, drainage, improving irrigation ditches, terracing to prevent erosion and insuring better utilization of water for agricultural purposes.

In spite of the accomplishments under the agricultural conservation program the minimum conservation needs stretch far beyond present performance. A survey among the States indicates that the conservation needs of our soil resources on an annual basis for a reasonable period are about one billion four hundred million dollars.

The strides made in conservation farming since the inauguration of a policy of offering assistance for positive performance of conservation practices is the most convincing argument of the need for and wisdom of such a policy. Under this policy the nation and the individual farmers

work together toward a common goal--to increase efficiency of production and to place this nation on a sustained production basis. The future security of the nation--abundant production of food and fiber, a healthy people, a sound economy, a prominent position in international affairs--depends upon how good a conservation job is done. To do a good job will require a substantial investment of capital over a period of years on the part of the nation and the individual farmers. The total cost, however, would be more than offset in the maintenance of a sound and efficient agricultural plant, lower production costs, lessoutlay by consumers for agricultural products, and increased net income to farmers.

c Tobacco Marketing Quota Program

Purpose: The tobacco marketing quota program is designed to provide a means whereby farmers can effectively adjust marketings of tobacco in line with demands so as to (1) obtain a fair price and (2) obtain a fair share of the available market.

In order to maintain supplies in line with needs, a national acreage allotment is established and apportioned to the States. State allotments are divided among the farms in the State. As a means of discouraging farmers from planting beyond allotted acreages, penalties are collected on the marketing of tobacco in excess of the farmer's marketing quota. The marketing quota for a farm is the actual production on the acreage allotment.

Current activities: For the 1948-1949 marketing year, quotas are in effect on four kinds of tobacco; namely, flue-cured (types 11-14), fire cured (types 21-24), burley (type 31), and dark air-cured (types 35-36). These kinds of tobacco are grown in seventeen States - Alabama, Arkansas, Florida, Georgia, Illinois, Indiana, Kansas, Kentucky, Missouri, North Carolina, Ohio, Oklahoma, Pennsylvania, South Carolina , Tennessee, Virginia, and West Virginia.

Excessive stocks of quota tobacco are on hand due to the unusually high yields per acre and the shortage of dollar funds in foreign countries. Quotas proclaimed by the Secretary for the 1948-1949 marketing year, therefore, are less than those for 1947-1948. The reductions in quotas were made in accordance with the formula set forth in the Agricultural Adjustment Act of 1938, as amended, and result in reductions in individual farm allotments as follows: flue-cured, 28%, fire cured 35%, burley 10%, and dark air-cured 25%. The acreage allotments by types of tobacco for 1947 and 1948 are shown below:

Allotments

	1947	1948 (Preliminary Estimate)
Flue-cured	1,247,282.4	910,307
Burley	468,588.0	438,000
Fire-cured	118,495.0	77,021
Dark air-cured	44,578.6	33,433
Total	1,878,944.0	1,458,761

Revenue: Penalties which are collected under section 314 of the Agricultural Adjustment Act of 1938, as amended, are covered into the General Fund of the Treasury in accordance with the provisions of section 372 of the Act. The rate of penalty is 40 percent of the previous year's average market price for the respective kind of tobacco. The following penalties have been collected since the tobacco marketing quota program has been in effect:

Marketing Year	Amount
1938-1939	943,225
1939-1940	Quotas not in effect
1940-1941	666,432
1941-1942	184,132
1942-1943	428,317
1943-1944	515,907
1944-1945	1,739,894
1945-1946	4,020,369
1946-1947	3,971,695
1947-1948	1,500,000 (estimated)

Peanut Marketing Quota Program

Proclamation of Quotas and Acreage Allotments

Pursuant to the authority contained in the Agricultural Adjustment Act of 1938, as amended, the Secretary proclaimed a national marketing quota for peanuts on July 17, 1947. The quota proclaimed was 760,000 tons of peanuts and, on the basis of an average yield of 654 pounds per acre, was converted to a national acreage allotment of 2,324,159 acres. The national acreage allotment was apportioned to the States and the State allotments were distributed among the counties. County committees determined farm peanut allotments from data furnished by the Bureau of Agricultural Economics.

Referendum

On December 9, 1947, farmers engaged in the production of peanuts voted in a referendum to determine whether they were in favor of or opposed to marketing quotas for the crop years 1948, 1949, and 1950. Of the 105,089 farmers voting, 92,136 or 87.7 percent favored quotas and 12,953 opposed quotas. Approximately 44 percent of eligible farmers took part in the referendum.

Suspension of Quotas

On January 2, 1948, because of the world shortage of feed, fats, and oils, the Secretary suspended marketing quotas on the 1948 crop of peanuts. If supplies become more normal during 1949 or 1950 the quota machinery is available.

Need for Funds

Work in connection with peanut marketing quotas for the balance of the 1948 fiscal year will be about the same even though quotas have been suspended. A study of the program work in connection with 1948 quotas revealed that allotments established at farm levels were inequitable in many areas which was caused by the lack of individual farm acreage data. Although data furnished to apportion the national and State allotments was questioned in many cases, the real inequity was due to the failure to maintain acreage data for those years when quotas were not in effect; namely, 1944, 1945, 1946, and 1947. With this in mind, it is deemed advisable to obtain the best and most complete data possible.

At present 1947 acreages are being determined by actual measurement in those instances where the local administrative group feels that it is the only means of obtaining accurate data. It is believed that the 1948 acreage of peanuts should be measured. The funds available for the peanut marketing quota program for the 1948 fiscal year will permit the measurement of approximately 40 percent of the 1948 crop acreage. The balance of the acreage should be measured in the fiscal year 1949 to insure efficient operation of the 1949 and future programs.

Legislation requires that the Secretary proclaim a national quota for 1949. This will involve such work as determination of the national quota and allotment, apportionment to States and counties, and establishing individual farm allotments, etc.

(c) Administrative Expenses, Section 392, Agricultural Adjustment Act of 1938

This appropriation account for national and State PMA office expenses was established pursuant to section 392 of the Agricultural Adjustment Act of 1938, as amended (7 U.S.C. 1281-1407) which provides that the Secretary of the Treasury is authorized and directed upon the request of the Secretary of Agriculture to establish one or more appropriation accounts into which there shall be transferred from the respective funds available for the purposes of the several acts in connection with which the personnel or other facilities are utilized proportionate amounts estimated by the Secretary to be required for administrative expenses in carrying out, or cooperating in carrying out, any of the provisions of the respective acts.

The amounts transferred into this appropriation account are within the limitation established for administrative expenses under the respective appropriations from which such transfers were made.

Transfers, 1948, as shown below	$8,177,552
Transfers, 1949, as shown below	8,144,781
Decrease	-32,771

STATEMENT OF SOURCES, PURPOSES, AND AMOUNT OF FUNDS TRANSFERRED
(as shown in Budget Schedules)

Purpose for which funds are transferred into this account	1947	1948 (estimated)	1949 (estimated)	Increase or Decrease
Conservation and Use of Agricultural Land Resources:				
For administration of Agricultural Conservation Program	8,428,444	4,626,000	4,626,000	--
Tobacco Marketing Quota Program	443,424	624,000	624,000	--
Peanut Marketing Program	--	400,000	400,000	
Total, Conservation and Use	8,871,868 1/	5,650,000 2/	5,650,000 2/	--
Sugar Act - for administration of sugar payment program	682,343	657,550	657,550	--
Crop Insurance Act-for Administration of crop insurance program ...	659,983	--	--	--

Purpose for which funds are transferred into this account	1947	1948 (estimated)	1949 (estimated)	Increase or Decrease
Commodity Credit Corporation:				
For moisture content and grade determinations on loan collateral	876,561	873,561	873,561	- -
For liquidation of subsidy programs and administration of price support and purchase programs ..	456,487	850,000	850,000	- -
Marketing services, salaries and expenses - for services in connection with the fat salvage program .	88,000	- -	- -	- -
Exportation and Domestic Consumption of Agricultural Commodities - for administration of certain distribution programs	998,105	37,771	5,000	-32,771
National School Lunch Act - for services in connection with the School Lunch Program..	1,403,226	108,670	108,670	- -
Salaries and Expenses, Agricultural Adjustment Administration for gathering and compiling data on possible changes in cotton acreage allotment and marketing quota legislation ...	20,120	- -	- -	- -
Payments from non-Federal sources-for expenses in connection with the Emergency Corn and Wheat Purchase Program	42,086	- -	- -	- -
Total Obligations.	14,098,779 1/	8,177,552 2/	8,144,781 2/	-32,771

1/ Includes allotments:

Extension Service	$ 660
Forest Service	18,917
Office of Information	6,619
Total	26,196

2/ Includes allotments:

Extension Service	$ 1,000
Forest Service	19,513
Total	20,513

WORK UNDER THIS ACCOUNT

(Financed by transfers as shown above and in the Budget Schedules)

Expenses incurred by the PMA State Offices and certain branches and offices in Washington for carrying out or cooperating in carrying out programs dealing directly with farmers are paid out of this appropriation account.

The PMA State Offices are responsible for the execution in the field of all such programs assigned to the Production and Marketing Administration.

In each State there is a State Committee composed of not less than three nor more than five farmers, who are appointed by the Secretary pursuant to section 8 of the Soil Conservation and Domestic Allotment Act, as amended. The State Director of Extension is an ex-officio member of the State Committee.

The State Committee is responsible for developing and recommending to the Administrator, the practices to be included in the Agricultural Conservation Program; and for determining the policies to be followed in administering programs assigned to the State. The PMA State Director is responsible for carrying out the policies determined by the State Committee and for all operations of the State office.

ITEMIZATION OF ESTIMATES

Appropriation: Administrative Expenses, Section 392, Agricultural Adjustment Act of 1938

Funds Available for Obligation

Item	Estimate, 1948	Budget Estimates, 1949	Increase (+) or Decrease (-)
Transferred from:			
"Conservation and Use of Agricultural Land Resources, Department of Agriculture"	$5,650,000	$5,650,000	--
"Administration of Sugar Act, Department of Agriculture"	657,550	657,550	--
"Moisture Content and Grade Determination for Commodity Credit Corporation"	873,561	873,561	--
"Administration of National School Lunch Act, Department of Agriculture"	108,670	108,670	--
"Exportation and Domestic Consumption of Agricultural Commodities, Department of Agriculture"	37,771	5,000	-32,771

Item	Estimate, 1948	Budget Estimates, 1949	Increase (+) or Decrease (-)
Transferred from: (Continued)			
"Administrative expenses, Commodity Credit Corporation" (advanced by check)	850,000	850,000	- -
Allotted to:			
"Extension Service"	-1,000	-1,000	- -
"Forest Service"	-19,513	-19,513	- -
Total Obligations	8,157,039	8,124,268	-32,771
Obligations by Objects			
Standard Classification			
01 Personal services	6,186,884	6,154,113	-32,771
02 Travel	1,085,183	1,085,183	- -
03 Transportation of things	60,875	60,875	- -
04 Communication services	210,128	210,128	- -
05 Rents and utility services	369,596	369,596	- -
07 Other contractual services	79,780	79,780	- -
08 Supplies and materials	141,367	141,367	- -
09 Equipment	23,226	23,226	- -
Total Obligations	8,157,039	8,124,268	-32,771

ITEMIZATION OF ESTIMATES

Appropriation: Administrative Expenses, Section 392, Agricultural Adjustment Act of 1938 (Extension Service)

Funds Available for Obligation

Item	Estimate, 1948	Budget Estimate, 1949
Allotted from "Administrative expenses, Section 392, Agricultural Adjustment Act of 1938"	$1,000	$1,000
Total obligations	1,000	1,000
Obligations by Objects		
Standard Classification		
01 Personal services	$1,000	$1,000
Grand total obligations	1,000	1,000

ITEMIZATION OF ESTIMATES

Appropriation: Administrative Expenses, Section 392, Agricultural Adjustment Act of 1938 (Forest Service)

Funds Available for Obligation

Item	Estimate, 1948	Budget Estimates, 1949	Increase (+) or Decrease (-)
Allotted from "Administrative expenses, Section 392, Agricultural Adjustment Act of 1938	$19,513	$19,513	- -
Total obligations	19,513	19,513	- -

Obligations by Objects

Standard Classification			
01 Personal services	$16,909	$17,200	+291
02 Travel	1,354	1,163	-191
04 Communication services	50	50	- -
05 Rents and utility services	100	100	- -
08 Supplies and materials	800	700	-100
09 Equipment	300	300	- -
Grand total obligations	19,513	19,513	- -

(d) Local Administration, Sec. 388, Agricultural Adjustment Act of 1938

(Special Account established for expenses of County Agricultural Conservation Associations)

This appropriation account for expenses of the County Agricultural Conservation Associations has been established pursuant to sections 388(b) and 392(a) of the Agricultural Adjustment Act of 1938, as amended (7 U.S.C. 1281-1407) which provide that the Secretary of the Treasury is authorized and directed upon the request of the Secretary to establish one or more separate appropriation accounts into which there shall be transferred from the respective funds available for the purposes of the several acts in connection with which the personnel or other facilities are utilized, amounts estimated by the Secretary to be required by local county agricultural conservation associations for carrying out programs formulated under the provisions of the respective acts for which the funds are provided.

Transfers, 1948, as shown below	$23,760,650
Transfers, 1949, as shown below	23,760,650
Change, 1949	- -

STATEMENT OF SOURCES, PURPOSES, AND AMOUNTS OF FUNDS TRANSFERRED

Purpose for which funds are transferred into this account	1947	1948 (estimated)	1949 (estimated)	Increase or Decrease
Conservation and Use of Agricultural Land Resources:				
Agricultural Conservation Program.	$18,618,839	$14,854,000	$14,854,000	- -
Tobacco Marketing Quota Program	1,420,249	1,896,000	1,896,000	- -
Peanut Marketing Quota Program	- -	2,100,000	2,100,000	- -
Total, Conservation and Use	20,039,088 1/	18,850,000 2/	18,850,000 2/	- -
Sugar Act - for local expenses of sugar payment program ...	375,000	433,650	433,650	- -
Commodity Credit Corporation - for local expenses of commodity loan program .	1,034,806	1,125,000	1,125,000	- -

Purpose for which funds are transferred into this account	1947	1948 (estimated)	1949 (estimated)	Increase or Decrease
Exportation and Domestic Consumption of Agricultural Commodities - for local expenses of certain distribution and price support programs	$ 770,886	$ 232,000	- -	-$232,000
Crop Insurance Act - for local expenses of crop insurance program .	1,627,437	- -	- -	- -
Commodity Credit Corporation for local expenses in liquidating dairy production, beef production, sheep and lamb production, and canners' certification programs	670,000	- -	- -	- -
Salaries and Expenses, Marketing Services - for local expenses of Fat Salvage Program	3,000	- -	- -	- -
Salaries and Expenses, Agricultural Adjustment Administration - for local expenses for gathering and compiling data on possible changes in cotton acreage allotment and marketing quota legislation	64,276	- -	- -	- -
Reimbursement for services performed,	2,144,584	3,120,000	3,352,000	+232,000
Total	26,729,077 1/	23,760,650 2/	23,760,650 2/	- -

1/ Includes allotment to Forest Service of $108,024

2/ Includes allotment to Forest Service of 97,586

WORK UNDER THIS ACCOUNT

(Financed by transfers as shown above and in the Budget Schedules)

The county Agricultural Conservation Association offices are responsible for the local administration of all programs of the PMA Branches which deal directly with farmers. A county committee, elected annually by delegates who are representatives of all farmers participating in the program, is in charge of the county office. If the county agent is not elected secretary of the association, he is an ex-officio member. Each agricultural community has a county committee and a county office.

ITEMIZATION OF ESTIMATES

Appropriation: Local Administration, Section 388, Agricultural Adjustment Act of 1938

Funds Available for Obligation

Item	Estimate, 1948	Budget Estimates, 1949	Increase (+) or Decrease (-)
Transferred from:			
"Conservation and Use of Agricultural Land Resources, Department of Agriculture"...	$18,850,000	$18,850,000	- -
"Administration of Sugar Act Department of Agriculture" ..	433,650	433,650	- -
"Moisture Content and Grade Determination for Commodity Credit Corporation	1,125,000	1,125,000	- -
"Exportation and Domestic Consumption of Agricultural Commodities, Department of Agriculture"	232,000	- -	-232,000
Allotted to Forest Service	-97,586	-97,586	- -
Reimbursements for services performed	3,120,000	3,352,000	+232,000
Total obligations (inclusive of reimbursements)	23,663,064	23,663,064	- -

Obligations by Objects

Standard Classification			
11 Grants, subsidies and contributions - "conservation payments to farmers"			
Personal services	19,536,824	19,536,824	- -
Travel	948,479	948,479	- -
All other expenses	3,177,761	3,177,761	- -
Grand Total Obligations	23,663,064	23,663,064	- -
Reimbursements for services performed	-3,120,000	-3,352,000	
Total Available (exclusive of reimbursements)	20,543,064	20,311,064	

ITEMIZATION OF ESTIMATES

Appropriation: Local Administration, Section 388, Agricultural Adjustment Act of 1938 (Forest Service)

Funds Available for Obligation

Item	Estimate, 1948	Budget Estimates, 1949
Allotted from "Local Administration, Section 388, Agricultural Adjustment Act of 1938" ..	$ 97,586	$ 97,586
Total obligations	97,586	97,586
Obligations by Objects		
Standard Classification		
11 Grants, subsidies and contributions	$ 97,586	$ 97,586
Grand total obligations	97,586	97,586

(e) Sugar Act

Appropriation Act, 1948	$55,000,000
Budget estimate, 1949	72,000,000
Increase, 1949	+17,000,000

SUMMARY OF INCREASES AND DECREASES, 1949

For additional conditional payments to sugar growers based on an anticipated increase in sugar production during the 1948 crop year and a carryover of unpaid obligations in connection with previous year programs	+16,942,465
For increased administrative costs imposed by the Sugar Act of 1948, including the resumption of the quota system, determination of sugar requirements for consumers, and conducting surveys or investigations on behalf of growers, processors, and laborers	+61,535
Decrease due to provision in the 1949 estimates of the State Department for the share of the United States as a member of the International Sugar Council previously carried in the Department of Agriculture appropriation Acts	-4,000

PROJECT STATEMENT

Project	1947	1948 (estimated)	1949 (estimated)	Increase or decrease
1. Conditional payments to sugar producers	$52,221,031	$53,673,885	$70,614,455	+$16,940,570 (1)
2. Expenses of county agricultural associations	375,000	433,650	433,650	--
3. Administrative expenses including transfers to Sec. 392, Agricultural Adjustment Act of 1938	872,115	866,715	928,250	+ 61,535 (2)
Allotted to International Production Control Committees	4,000	4,000	--	-- 4,000 (3)
Transfers to Treasury Department (as shown in Budget schedules)	6,104	--	--	--
Transfer to "Administration of Sugar Act" (transfer to General Accounting Office)	21,750	21,750	23,645	+1,895 (4)
Total appropriation or estimate	$53,500,000	$55,000,000	$72,000,000	+$17,000,000

INCREASES AND DECREASES

The net increase of $17,000,000 in this item for 1949 consists of the following:

(1) An increase of $16,940,570 for conditional payments to producers on the 1948 and prior year crops.

1948 Program requirements: The production of sugar from the 1948 crop is estimated at 4,476,000 short tons. Based on the statutory rates provided in the Sugar Act of 1948 this production will require $61,214,455 for conditional payments to be made from the appropriation for the fiscal year 1949. Since the 1949 base for this project is $53,673,885 an increase of $7,540,570 is required to meet payments in connection with the 1948 crop. The following table indicates by area the production of sugar, payments to producers, and the number of payees by crop years for the period 1946-1948.

Sugar Production, Payments to Producers and Number of Payees by Areas and Crop Years

Area of Production	1946 Crop	1947 Crop (estimated)	1948 Crop (estimated)
Sugar Production (short tons):			
Continental beet area	1,523,000	1,820,000	1,850,000
Continental cane area	426,000	400,000	570,000
Hawaii	680,000	900,000	950,000
Puerto Rico	1,090,000	1,100,000	1,100,000
Virgin Islands	5,000	3,000	6,000
Total	3,724,000	4,223,000	4,476,000
Payments to Producers:			
Continental beet area	$28,002,869	$30,300,000	$30,600,000
Continental cane area	6,638,600	6,500,000	7,600,000
Hawaii	6,574,447	8,000,000	8,900,000
Puerto Rico	15,200,000	13,960,000	14,014,455
Virgin Islands	75,000	44,000	100,000
Total	56,490,916	58,804,000	61,214,455
Number of Payees:			
Continental beet area	62,000	65,000	67,000
Continental cane area	10,525	10,525	11,550
Hawaii	1,500	1,500	1,500
Puerto Rico	14,000	14,000	14,000
Virgin Islands	600	550	550
Total	88,625	91,575	94,600

Note: For similar information for 1937 - 1945 crop years, see tables under "progress and current programs".

Unpaid balance on previous programs is $9,400,000: Prior to the enactment of the "Sugar Act of 1948", which contains no maximum appropriation authorization, the appropriation in any one fiscal year was limited to $55,000,000 by Section 502 of the "Sugar Act of 1937". This limitation precluded a budget estimate in the fiscal year 1948 sufficient to meet the program payment obligations incurred in connection with the 1946 and 1947 sugar programs.

During the crop year 1947, for which the 1948 fiscal year appropriation was made, production reached 4,223,000 short tons of raw sugar. Conditional payments on this quantity required $58,804,000. In addition, payments to the extent of $4,269,885 were carried over from the previous year making a total of $63,073,885 in required payments of which only $53,673,885 could be paid under the limitation of the Appropriation Act. This left an unpaid balance of $9,400,000 on previous programs. This sum, together with the $61,214,455 required for the 1948 crop, totals $70,614,455 needed to meet payments to growers.

Based on these needs and the additional requirements for administrative expenses, a total of $72,000,000 has been estimated for fiscal year 1949.

The following table shows the source of the financing of the payments under each of the 1946, 1947, and 1948 crops:

Crop Year	Appropriation 1947	Appropriation 1948	Budget Estimate 1949	Total Program Year
Payments on 1946 crop	$52,221,031	$ 4,269,885	- -	$56,490,916
Payments on 1947 crop	- -	49,404,000	$9,400,000	58,804,000
Payments on 1948 crop	- -	- -	61,214,455	61,214,455
Total conditional payments	$52,221,031	$53,673,885	$70,614,455	

(2) An increase of $61,535 to cover increased administrative expenses in connection with additional responsibilities under the Sugar Act of 1948, Title II, III, and IV.

Title II. This will involve the determination of sugar consumption requirements for the United States, the establishment of quotas and revisions thereof when necessary, the establishment of local consumption sugar quotas for Hawaii and Puerto Rico, the proration of sugar quota deficits among the various producing areas, the establishment of sugar marketing allotments for domestic producing areas when necessary to prevent disorderly marketing, and the exercise of import control of sugar through certifications to Collectors of Customs that sugar shipments are within the quota of the country of origin.

Title III, The provisions of this title set forth the conditions for payments to sugar beet and sugarcane growers in the continental United States, Hawaii, and Puerto Rico, and the Virgin Islands. The administrative determinations and interpretations relating to the conditions for payment will assume greater significance and will increase the Sugar Act administrative workload as sugar supplies and producing conditions become more nearly normal. For example, with sugar quotas suspended, sugar growers are not limited as to the amount of sugar beets or sugarcane they can market for extraction of sugar. With the return to normal conditions, restrictive proportionate shares will be required in certain domestic producing areas which in turn will require public hearings and investigations to obtain pertinent data essential to the establishment of proportionate shares. Moreover, in order to adequately carry out the responsibilities imposed by the Sugar Act of 1948 with respect to payment of fair prices for sugar beets and sugarcane purchased by grower-processors and wages paid laborers by sugar beet and sugar cane growers, it will be necessary to conduct more comprehensive and detailed surveys, investigations and analyses of factors affecting such prices and wages than was possible during the war and immediate post-war years.

Title IV. Additional responsibilities are imposed by section 409, which is a revision of section 511 of the Act of 1937. To obtain complete data to carry out this provision of this title it will be necessary to conduct cost and performance surveys involving sugar companies, growers, and laborers. These data will be used in developing acceptable standards to effect a fair and equitable distribution of the income to the various segments of the sugar industry.

(3) A decrease of $4,000 in allotment for "International Production Control Committees." Funds for this purpose are included in the 1949 estimates of the Department of State.

(4) An increase of $1,895 to cover additional expenses incurred by the General Accounting Office in preauditing sugar payments.

CHANGES IN LANGUAGE

The estimates include proposed changes in the language of this item as follows (new language underscored, deleted matter enclosed in brackets):

Change No.

1 To enable the Secretary to carry into effect the provisions
2 [, other than those specifically relating to the Philippine Islands,] of the Sugar Act of [1937, as amended (7 U.S.C. 1100-1183), including personal services in the District of
3 Columbia, $55,000,000] 1948, approved August 8, 1947 (Public Law 388), including such amount as is required to complete payments under the Sugar Act of 1937, as amended (7 U.S.C. 1100-1183), $72,000,000, to remain available until June 30, [1949] 1950: PROVIDED, That expenditures (including transfers) from this appropriation for other than payments to sugar producers shall not exceed [$1,326,115] $1,385,545.

STATUS OF PROGRAM

Objective - The objective of this appropriation is to protect the welfare of consumers of sugar and of those engaged in the domestic production of sugar and to promote the export trade of the United States.

The recently enacted Sugar Act of 1948, except where otherwise provided, became effective January 1, 1948, and will continue in effect for a period of five years ending December 31, 1952.

Quotas - Quotas were suspended in April 1942. On November 28, 1947, the suspension was terminated and on January 8, 1948, sugar quotas were announced. Mandatory responsibilities in administering Title II include:

1. Determination of sugar consumption requirements in December of each year and at such other times during the following calendar year as the Secretary may deem necessary to meet consumer requirements as specified in section 201.

2. Establishment of sugar quotas (and the revision of quotas when necessary) for all producing areas supplying the United States market. The governing formulas for establishing sugar quotas are set forth in section 202.

3. Establishment of local consumption sugar quotas for Hawaii and Puerto Rico pursuant to the provisions of section 203.

4. Pro ration of sugar quota deficits among the various producing areas.

5. Establishment of sugar marketing allotments for domestic producing areas, when necessary, to prevent disorderly marketing. Section 205 of the Act provides that allotments shall be made in such manner and in such amounts as to provide a fair, efficient, and equitable distribution of an area's quota or pro ration thereof. This involves holding public hearings to gather pertinent data. In determining marketing allotments for an area, consideration must be given to the processing of sugar from sugar beets or sugar cane to which proportionate shares pertain, the past marketings or importations of each company, processor, etc., involved and the ability of each processor to market or import that portion of such quota which may be allotted to him. It will be necessary to revise marketing allotments for any or all domestic areas during the calendar year to meet sugar quota increases or decreases as they occur.

6. Certification to Collectors of Customs that sugar shipments are within the quota of the country of origin in order to exercise import control of sugar.

Section 207 sets forth the quotas to which shipments from offshore producing areas are limited. These quotas are usually filled soon after the beginning of the calendar year and close control must be maintained to prevent entry of overquota sugars.

Payments to producers - Title III sets forth the conditions for payments to sugar beet and sugar cane growers in the producing areas of the mainland, Hawaii, Puerto Rico and the Virgin Islands.

In administering Title III it will be necessary to conduct public hearings and investigations to obtain data essential to the establishment of proportionate shares. As conditions become more normal the administrative determinations and interpretations relating to conditions for payments, such as proportionate shares, fair wage rates, and fair prices will take on increasing significance and will require more attention.

Proportionate shares - The Act requires that consideration be given to past "production" and "ability to produce." In addition, consideration must be given to protect interests of new producers, small producers, producers who are cash tenants, share tenants, adherent planters, or share-croppers. This will require the additional work of establishing individual farm proportionate shares and determining compliance on individual farms.

Fair and reasonable wage rates - During the war years wages paid sugar beet and sugar cane workers in many producing areas were more than the minimum wage rates established under the Sugar Act. Wages are established annually at the minimum considered necessary to give labor a proportionate share of the anticipated proceeds from the current crop. As labor becomes more plentiful the necessity for and the volume of work connected with the administration of this function will increase.

Fair price determinations - These determinations establish the price which producers, who are also processors, must pay for cane or beets bought from other growers in order to qualify for payments under the Sugar Program.

Surveys with respect to contracts, etc. - Title IV authorizes the Secretary, at the request of persons constituting or representing a substantial proportion of the persons in any one of the five domestic sugar producing areas to make surveys for such area and to make recommendations with respect to:

1. The terms and conditions of contracts between producers and processors of sugar beets and sugar cane in such area.

2. The terms and conditions of contracts between laborers and producers of sugar beets and sugar cane in such area.

The part of Title IV relating to request for action constitutes an expansion of the provision in the Sugar Act of 1937.

During the fiscal year 1947, as in the previous years of a sugar shortage, operations under the Sugar Act were directed toward encouraging increased production. Production of sugar from the 1947 crop is estimated to aggregate 4,223,000 short tons, an increase of approximately 13 percent or 499,000 short tons more than the production from the 1946 crop. Payments made pursuant to the Sugar Act are a substantial percentage of the income of the sugar beet and sugar cane producers and constituted an important factor in achieving this increased production. The following table reflects the total sugar production for each of the crop years 1937 through 1947.

Production of Sugar (raw value) by Crop Years
(1,000 short tons)

Year	Continental Cane	Continental Beets	Puerto Rico	Virgin Islands	Hawaii	Total
1937	457	1,378	1,085	4	944	3,868
1938	581	1,803	858	6	941	4,189
1939	507	1,758	1,026	7	994	4,292
1940	337	1,897	940	8	977	4,159
1941	415	1,588	1,156	1	947	4,107
1942	460	1,726	1,046	4	870	4,106
1943	496	998	729	3	886	3,112
1944	469	1,050	971	4	875	3,369
1945	514	1,278	916	4	835	3,547
1946	426	1,523	1,090	5	680	3,724
1947 (Est.)	400	1,820	1,100	3	900	4,223

Estimated payments on the 1947 crop total $58,804,000, an increase of $2,333,172 over estimated payments on the 1946 crop. Payments on the 1947 crop will be divided among an estimated 91,575 payees compared with 88,625 payees for the 1946 crop. The payments made pursuant to the Sugar Act have been an important factor in the maintenance of sugar production within this period since such payments have constituted a substantial percentage of the income of sugar beet and sugar cane producers. The amounts of these payments and number of payees by crop years for the various domestic areas and insular areas are shown in the following table:

Amounts of Payments and Numbers of Payees by Areas

Crop Year	Continental Sugar Beet Area Payments	Continental Sugar Beet Area Payees	Continental Sugar Cane Area Payments	Continental Sugar Cane Area Payees	Hawaii Payments	Hawaii Payees
1937	$17,130,468	64,887	$5,382,096	16,587	$4,173,643	1,071
1938	22,126,749	77,489	6,231,501	16,926	8,594,472	2,097
1939	21,364,417	78,647	5,465,167	17,728	8,975,161	2,062
1940	23,257,183	74,689	3,935,931	15,675	8,852,182	2,100
1941	19,089,221	67,135	4,573,234	16,000	8,592,532	2,100
1942	29,817,095	77,749	6,989,825	14,489	8,147,493	1,796
1943	17,609,372	50,372	7,416,148	13,633	8,250,815	1,840
1944	18,640,542	50,200	6,696,925	12,686	8,210,655	1,605
1945	22,918,234	54,500	6,852,079	13,000	7,795,708	1,600
1946 (est)	28,002,869	62,000	6,638,600	10,525	6,574,447	1,500
1947 (est)	30,300,000	65,000	6,500,000	10,525	8,000,000	1,500

Crop Year	Puerto Rico Payments	Puerto Rico Payees	Virgin Islands Payments	Virgin Islands Payees	Total Payments	Total Payees
1937	9,500,765	9,471	- -	- -	36,186,972	92,016
1938	8,868,180	11,580	- -	- -	45,820,902	108,092
1939	10,617,194	11,807	- -	- -	46,421,939	110,244
1940	9,564,807	12,096	- -	- -	45,610,103	104,560
1941	11,235,032	13,840	- -	- -	43,490,019	99,075
1942	13,117,427	13,778	26,305	780	58,093,145	108,592
1943	12,202,234	12,607	55,849	692	45,534,418	79,144
1944	13,057,100	13,000	40,931	604	46,646,153	78,095
1945	13,248,844	13,000	56,026	525	50,870,891	82,625
1946 (est)	15,200,000	14,000	75,000	600	56,490,916	88,625
1947 (est)	13,960,000	14,000	44,000	550	58,804,000	91,575

Revenue - The excise tax imposed on sugar is designed to provide sufficient revenue for sugar payments and the expense of operation of the program. A comparison of amounts of sugar tax collections and funds available under this appropriation by fiscal years, as shown in the table below, shows that collections have exceeded funds available by a considerable margin.

Fiscal Year	Sugar Tax Collections	Total Funds Available under Appropriation
1938	$30,569,130	$22,074,400
1939	65,414,058	52,460,654
1940	68,145,358	47,212,400
1941	74,834,839	47,677,678
1942	68,229,803	47,869,513
1943	53,551,777	55,638,374
1944	68,788,910	54,818,026
1945	73,293,966	52,413,777
1946	56,731,986	48,391,812
1947	59,151,922	53,500,000

Fair Price Determinations Issued - During the fiscal year 1947 fair price determinations were issued covering the 1946 crop in Louisiana and Florida, the 1946-47 crop in Puerto Rico, the 1947 crop in the Virgin Islands and the 1946 and 1947 crops in the United States sugar beet area. The only substantial changes in price requirements became effective in Puerto Rico where the processors were required to increase the sharing of producers by 1.5 percent--from 65 to 66.5 percent. Generally these determinations establish the price which producers, who are also processors, must pay for cane or beets bought by them from other growers in order to qualify for payments under the sugar program.

Minimum Wage Rates Established - During March 1947, minimum wage rates were issued for the 1947 crop of sugar beets. These rates were advanced from an average of $41.16 per acre in 1946 to $44.36 per acre in 1947, or about 7.8 percent. This increase permitted labor a proportionate share of the higher support price guaranteed growers for the 1947 crop.

Minimum rates for cultivation work in 1947 in the Louisiana sugar cane area were established in February. These rates were increased by about 6 percent over the 1946 minimum rates and gave to labor the customary share of anticipated proceeds from the 1947 crop.

Minimum wage requirements to be met by Florida sugar cane producers during the period July 1, 1946 to June 30, 1947, were issued during September 1946. Time rates for the four classes of workers covered were advanced about 14 percent over the preceding period. Because of changed methods of harvesting no piece rates were specified, but minimum hourly rates were established to protect workers employed on a piece rate basis.

The minimum wage determination for work during the calendar year 1947 in Puerto Rico was issued in December 1946. The only changes in the 1947 wage requirements over those for 1946 were to extend the wage escalator scale to provide for wage increases at higher sugar prices, and make a moderate increase in the wage increment at higher levels.

Under the 1947 minimum wage scale for the Virgin Islands day wages were increased about 9 percent over the level effective in 1946. A further increase in wages is provided in the event the 1947 sugar crop is sold at a price higher than that prevailing in January 1947 when the rates were issued.

(f) Exportation and Domestic Consumption of Agricultural Commodities

Appropriation Act, 1948 (30% of customs receipts, calendar year 1946)		$149,023,930
Transferred to "National School Lunch Act ...	$65,000,000	
Rescinded by 1948 Agricultural Appropriation Act	40,023,930	105,023,930
Total available for Section 32 purposes, 1948		44,000,000
Budget Estimate, 1949:		
30% of customs receipts, calendar year 1947	135,000,000	
Less proposed rescission	91,000,000	44,000,000
Change, 1949		--

PROJECT STATEMENT

Project	1947	1948 (estimated)	1949 (estimated)
1. Purchase of agricultural commodities for distribution to authorized agencies	$32,113,116	$33,022,000	$33,022,000
2. Encouragement of export of agricultural commodities	34,325,059	5,000,000	5,000,000
3. Diversion of agricultural commodities to by-products and uses.....	6,402,876	4,000,000	4,000,000
4. Administration of marketing agreements and orders	729,969	700,000	700,000
5. Administration of programs other than marketing agreements and orders	2,738,843	1,040,000	1,040,000
Allotted to:			
Extension Service	8,790	-	-
Office of Foreign Agricultural Relations	54,157	20,000	20,000
Transferred to:			
"Printing and binding, Department of Agriculture"	65,000	58,000	58,000
"Salaries and expenses, Office of Information"	1,058	-	-
Department of the Interior (Fish and Wildlife Service)	175,000	160,000	160,000
Transfers to Treasury Department (as shown in Budget Schedule)..	4,092	-	-
Transfers to other appropriations for pay act purposes pursuant to the First Deficiency Appropriation Act of 1947	14,836,567	-	-
Estimated unobligated balance ...	23,906,631	-	-

Project	1947	1948 (estimated)	1949 (estimated)
Total available for Section 32 purposes	115,361,158	44,000,000	44,000,000
Amount made available for School Lunch Program	75,000,000	65,000,000	-
Less rescissions		40,023,930	91,000,000
Reappropriation of prior year balances (as shown in Budget Schedules)	-72,308,520	-	
Total appropriation or estimate	118,052,638	149,023,930	135,000,000

CHANGES IN LANGUAGE

The estimates include proposed changes in the language of this item as follows (new language underscored, deleted matter enclosed in brackets):

Change No.

Notwithstanding any other provision of section 32, Public Law Numbered 320, Seventy-fourth Congress, approved August 24, 1935, as amended (7 U.S.C., 1940 edition, 612(c)), not more than $44,000,000 shall be available during the fiscal year ending
1 June 30, [1948] 1949, for use in effectuating the purposes of
2 that Act. [To enable the Secretary to carry out the provisions of the National School Lunch Act of June 4, 1946 (Public Law 396), there is hereby made available $65,000,000 of the funds appropriated for the fiscal year 1948 by section 32 of the Act approved August 24, 1935 (7 U.S.C. 612(c)), such amount to be without regard to the 25 per centum limitation contained in said section 32, and to be exclusive of funds expended in accordance with the last sentence of section 9 of the National School Lunch Act: Provided, That no part of such funds shall be used for nonfood assistance under section 5 of said Act.] The remainder of the
3 fund appropriated by said Act for the fiscal year [1948] 1949
4 is hereby rescinded effective July 1, [1947] 1948 and shall be carried to the surplus fund and covered into the Treasury immediately thereafter.

The first, third, and fourth changes are proposed to make the fiscal year references conform with the period covered by the 1949 Budget Estimates.

The second change proposes deletion of the provision for financing the National School Lunch Program from this fund as the 1949 estimates propose a direct appropriation for this program.

General Statement of Objective and Requirements

This permanent appropriation authorized by Section 32 of the Act of August 24, 1935, as amended, is the primary appropriation available to the Department for the removal of surplus agricultural commodities from the market, principally through programs of governmental purchase, for distribution to the school lunch program, eligible institutions and other authorized agencies, diversion to new and industrial uses, and export to

foreign markets. Out of approximately $1,833,000,000 provided for Section 32 programs during the 12-year period, 1936-1947, inclusive, $278,000,000 has been returned to the surplus fund of the Treasury by reason of the fact that expenditure of the total appropriation was not required. However, the fact that these funds have been available, even though not used, has served as an assurance to the farmer that the Government is prepared to protect farm prices and remove surpluses from the market. This assurance serves to stabilize the market and prevent serious dislocations in the supply of agricultural commodities. Actual and potential operations under this appropriation have therefore become an integral and basic part of American agricultural policy directly affecting the planning and action of both the farmers and the Government.

In 1948, $44,000,000 is available for Section 32 purposes. Seventy-five percent of this amount will be used for the direct purchase of agricultural commodities in surplus, principally perishable fruits and vegetables. Most of these commodities will be disposed of through donations to the school lunch program, State institutions and welfare agencies. This fund is the only fund available to the Department for such disposal of these surpluses and provides an outlet for commodities which would otherwise spoil or be diverted to less worth-while uses. Particularly in a period of world food shortages, the use of all food produced is of paramount importance.

The proposed distribution of Section 32 funds by project for fiscal year 1949 remains unchanged from that of 1948. However, changes in 1949 are anticipated in the method of handling surpluses for several individual commodities, and in the particular commodities needing assistance under Section 32. The method of handling surpluses, that is, through purchase, diversion, or export, is determined at the time the need arises and is based upon the determination of the most effective method of handling the particular problem in view of the possible outlets and other factors.

With continued full production of agricultural products to meet both domestic and foreign needs, the possibility of local market gluts and surpluses will be as great in 1949 as in 1948, particularly in the perishable commodities historically handled through Section 32 outlets. Adequate funds must be available to meet properly the most urgent needs for disposal of any such agricultural surpluses that may develop.

ITEMIZATION OF ESTIMATES

Appropriation: Exportation and Domestic Consumption of Agricultural Commodities (Office of Foreign Agricultural Relations)

Funds Available for Obligation

Item	Estimate, 1948	Budget Estimate, 1949	Increase (+) or Decrease (-)
Allotted from "Exportation and domestic consumption of agricultural commodities, Department of Agriculture"	$ 20,000	$ 20,000	- -
Total obligations	20,000	20,000	- -
Obligations by Objects			
01 Personal services	$ 19,932	$ 19,906	-$26
08 Supplies and materials	68	94	+26
Total obligations	20,000	20,000	- -

ITEMIZATION OF ESTIMATES

APPROPRIATION: Exportation and Domestic Consumption of Agricultural Commodities

Funds Available for Obligation

Item	Estimate, 1948	Budget Estimates, 1949	Increase (+) or Decrease (-)
Appropriation or estimate	$149,023,930	$135,000,000	-$14,023,930
Allotted to "Office of Foreign Agricultural Relations"	-20,000	-20,000	- -
Transferred to:			
"Administrative expenses, Section 392, Agriculture Adjustment Act of 1938	-37,771	-5,000	+32,771
"Local Administration, Section 388, Agricultural Adjustment Act of 1938"	-232,000	- -	+232,000
"Printing and binding, Department of Agriculture"	-58,000	-58,000	- -
"Exportation and Domestic Consumption of Agricultural" Commodities (transfer to Interior Fish and Wildlife Service)	-160,000	-160,000	- -
"Administration of the National School Lunch Act, Department of Agriculture".	-65,000,000	- -	+65,000,000
Total available for obligations	83,516,159	134,757,000	+51,240,841
Carried to surplus fund, Department of Agriculture Appropriation Act	-40,023,930	-91,000,000	-50,976,070
Total obligations	43,492,229	43,757,000	+264,771

Obligations by Objects

Standard Classification			
01 Personal services	1,439,356	1,472,127	+32,771
02 Travel	98,000	98,000	- -
03 Transportation of things ..	6,400	6,400	- -
04 Communication services	45,000	45,000	- -
05 Rents and Utility services .	44,000	44,000	- -
07 Other contractual services .	29,000	29,000	- -
08 Supplies and materials	31,473	31,473	- -
09 Equipment	9,000	9,000	- -
11 Grants, subsidies and contributions	41,790,000	42,022,000	+232,000
Total obligations	43,492,229	43,757,000	+264,771

STATUS OF PROGRAM

Current Activities: This is the appropriation available to the Department for:

1. Removal from the market of surplus agricultural commodities through

   (a) Purchases for distribution to authorized agencies
   (b) Encouragement of export
   (c) Diversion to by-products and new uses.

2. Administration of marketing agreements and orders.

Examples of recent activities:

1. Removal from the market of surplus agricultural commodities through:

   (a) Purchases of agricultural commodities for distribution

   During the fiscal year 1947 approximately 1.3 billion pounds of agricultural commodities, at a cost of $31,000,000, were purchased for distribution to school lunch programs, eligible institutions and welfare recipients. Potatoes, which presented the largest surpluses in 1947, were also disposed of through donations to approved public or nonprofit agencies and through sale for livestock feed or industrial raw material. Approximately 1,400 distribution agencies, under formal agreement, redistributed commodities to approximately 20,147 schools serving 4,833,597 children; 3,100 institutions serving 1,200,000 persons; and to 106,000 welfare recipients.

   The following table showsthe quantity and cost of surplus commodities which were purchased during fiscal year 1947, compared with the two previous years.

	Fiscal Year 1945		Fiscal Year 1946		Fiscal Year 1947	
	Tons	Cost	Tons	Cost	Tons	Cost
Apples	42,770	$3,006,897	-	-	-	-
Peaches	563	62,239	-	-	-	-
Beans, lima	3	210	-	-	-	-
Beans, snap	2,215	237,608	218	$37,686	34	$3,738
Beets, topped	3,862	158,981	718	20,183	3,528	104,217
Beets, bunched	66	5,387	-	-	-	-
Cabbage	6,207	244,498	6,338	247,063	2,962	110,451
Carrots, topped	5,766	307,498	68	2,159	488	16,774
Kale	304	26,674	-	-	-	-
Onions	8,868	465,065	828	58,132	6,147	259,877
Peas, green	71	10,044	-	-	-	-
Spinach, winter	47	3,489	247	24,684	1,615	146,598
Squash	245	5,452	-	-	-	-
Tomatoes	108	2,072	-	-	-	-
Potatoes, Irish	16,968	539,177	117,270	5,400,815	614,484	19,960,189
Potatoes, sweet	8,133	467,221	450	23,605	13	780
Green beans, canned	2,115	455,193	187	42,100	-	-
Greens, dehydrated	20	32,313	-	-	-	-
Carrots, canned	-	-	197	39,891	-	-
Beets, canned	-	-	974	135,562	-	-
Pineapple, canned	-	-	1,075	228,406	-	-
Noodle soup	-	-	69	66,614	-	-
Orange juice	-	-	701	559,090	-	-
Tomato flakes	-	-	511	700,388	-	-
Citrus juice	-	-	-	-	631	28,295
Sauerkraut	-	-	-	-	282	11,311
Eggs, dried	486	1,178,635	-	-	4,125	10,700,000
Eggs, frozen	585	414,382	-	-	-	-
Eggs, shell	2,766	1,479,016	-	-	-	-
Total	102,168	9,102,051	129,851	7,586,378	634,309	31,342,230

(b) Encouragement of export of agricultural commodities.

In order that the United States obtain its fair share of the world cotton markets, it is necessary for the price of American cotton sold for export to be at the competitive world price. This was accomplished during 1947 through indemnity payments to domestic exporters who furnished satisfactory evidence of exportation and met other program requirements. The rate of payment was 4 cents a pound from July 1, 1946, to February 13, 1947, at which time it was reduced to 2 cents a pound. On May 8, 1947, the rate of payment was further reduced to one-half cent a pound.

Domestic outlets were not sufficient to absorb the 1946 crop of potatoes, and the price in foreign markets was such that exporters were unable to pay support prices in the United States,

transport the potatoes to foreign markets, and realize enough from the sale of the potatoes to meet expenses. To encourage the development of export markets for potatoes and potato products, indemnity payments were made to exporters who purchased Irish potatoes eligible for price support, paid applicable support prices, and furnished proof of export. Such payments to exporters of fresh potatoes were based on differences between support prices and selling prices, while payments to exporters of dehydrated potatoes were approximately equal to the support price of the fresh potatoes.

The following table shows the quantities of commodities exported and payments made during the past two years:

		Fiscal Year 1946		Fiscal Year 1947	
	Unit	Quantity	Cost	Quantity	Cost
Cotton	Bales	792,000	15,840,377	1,807,122	33,370,968
Potatoes, Fresh	Bu.	4,042,533	909,570	305,600	954,091
Dehydrated	Lb.			6,982,498	
Wheat-Flour	Cwt.	27,945,152	3,740,075		
Total			20,490,022		34,325,059

(c) Diversion of agricultural commodities to by-products and new uses.

At present, eight concerns with plants in seven States are engaged in the manufacture of insulation under the program to divert low-quality, short-staple cotton to the manufacture of insulation. This program was initiated in 1940. During the fiscal year 1941 only one concern participated in the program. By the fiscal year 1942 four manufacturers were participating; that number increased to five in 1943, and to seven in 1944. Under the Cotton Insulation Program, manufacturers who produced insulation made from cotton received diversion payments based upon the number of pounds of cotton used. The rate of payment per pound has decreased from a high of 9 cents per pound during the fiscal years 1942-1946 to 7½ cents per pound in 1947 and the rate for the fiscal year 1948 has been set at 5 3/4 cents per pound of cotton, gross weight.

To help carry out the Government's price support commitments covering the record 1946 crop of potatoes and to reduce wastage and spoilage, programs to divert potatoes to by-products were encouraged and operated during 1947. Under this program starch, flour, glucose, and alcohol manufacturers who purchased potatoes for their own account at applicable support prices were paid indemnities after processing, based on the difference between the prices paid by the manufacturer and the value of the commodity in the particular product manufactured.

The following table shows the quantities of commodities diverted and payments made during the two previous years:

Commodity and Use	Unit	Fiscal Year 1946 Quantity	Fiscal Year 1946 Cost	Fiscal Year 1947 Quantity	Fiscal Year 1947 Cost
Cotton-batts.....	Bale	57,000	1,140,000		
Cotton-insulation.....	Bale	8,082	328,124	47,103	1,688,645
Cotton-paper.....	Bale	89,830	1,796,600	-	-
Potatoes, Irish 1/....	Bu.	1,872,725	857,708	9,084,528	4,714,231
Total.....		-	4,122,432		6,402,876

1/ Includes diversion to alcohol, flour, glucose, starch, and livestock feed.

2. Administration of Marketing Agreement and Orders:

(a) Milk marketing agreements and orders.

(1) Thirty-one milk marketing agreement and order programs shown in the following table were in effect for fluid milk during fiscal year 1947:

Market	Est. No. of Producers	Est. annual vol. of pooled milk (pounds)
Illinois - Chicago and suburban Chicago.....	20,957	3,062,551,000
Illinois-Iowa - Quad Cities.....	1,259	112,872,000
Indiana - Fort Wayne, La Port Co., St. Joseph Co.	1,598	140,580,000
Iowa - Clinton, Dubuque, Sioux City.....	853	72,709,000
Iowa-Nebraska - Omaha, Council Bluffs.....	2,678	151,914,000
Kansas - Topeka, Wichita.....	676	75,981,000
Kansas-Missouri - Kansas City.....	2,204	238,215,000
Kentucky - Louisville.....	1,690	192,458,000
Kentucky-Ohio-West Virginia (Tri-State).....	1,278	100,360,000
Louisiana - New Orleans (61-70 mile zone)...	2,073	151,496,000
Massachusetts - Boston (201-210 mile zone)		
Fall River, Lowell-Lawrence.....	14,034	1,413,625,000
Minnesota-Minneapolis-St. Paul.....	6,781	677,736,000
Minnesota-Wisconsin - Duluth-Superior.....	1,196	83,405,000
Missouri - St. Louis.....	3,369	359,662,000
New York - New York (201-210 mile zone).....	46,127	5,631,638,000
Ohio - Cincinnati, Cleveland, Columbus,		
Dayton-Springfield, Toledo.....	18,941	1,273,179,000
Pennsylvania - Philadelphia.....	9,077	964,244,000
Washington, D. C. 1/	1,654	305,954,000
Total, Fiscal Year 1947.....	136,445	15,008,579,000
Total, Fiscal Year 1946.....	131,063	14,037,729,000

1/ Order terminated April 1947.

(2) Thirty-three hearings were held to consider amendments to existing orders or the issuance of orders in new areas as compared with twenty-four hearings in fiscal year 1946.

(3) Fourteen requests for new programs were received as compared with eleven requests in fiscal year 1946.

(4) Hearings were held in Paducah, Kentucky; St. Joseph, Missouri; and Nashville, Tennessee. These are marketing areas not previously under Federal regulation.

(5) Thirty amendments were issued to existing orders and twenty-eight suspension orders were issued which made changes in existing orders.

(6) Eight hearings were held on rules under the terms of particular orders.

(7) Fifty-two petitions for review of various order provisions were received compared with thirty in 1946; thirty-five petitions received this year or pending from former years were disposed of during the year. As of June 30, 1947, action was pending on fifty-seven petitions.

(8) Thirteen new court cases were started during the year; eighteen cases started or pending during the year were closed. On June 30, 1947, thirty-one cases were pending.

(b) Fruit and Vegetable Agreements and Orders

(1) Eighteen marketing agreement programs were in effect during the past year covering eighteen different fruits, vegetables and tree nuts marketed in thirteen States, and covering products of more than 125,000 producers.

Commodity	Area	Status
Bartlett pears, plums, Elberta peaches..	California	Operative
Fresh peas, cauliflower.....	Colorado	Operative
Grapefruit.....	California, Arizona	Operative
Lemons.....	California, Arizona	Operative
Oranges, grapefruit, tangerines	Florida	Operative
Oranges	California, Arizona	Operative
Peaches.....	Georgia	Operative
Tokay grapes	California	Operative *
Walnuts	Calif., Ore., Wash.	Operative
Winter Pears	Calif., Ore., Wash.	Operative *
Buerre Hardy pears	California	Inoperative
Fresh prunes	Oregon, Washington	Inoperative
Peaches.....	Colorado	Inoperative
Peaches	Utah	Inoperative
Potatoes	Oregon, California	Inoperative
Potatoes	Idaho, Oregon	Inoperative
Potatoes	Colorado	Inoperative
Potatoes	Mich., Wisc., Minn., N.Dak.	Inoperative

*Operative in part

(2) During the year, one program was amended, and public hearings were held on proposed amendments to three of the programs and on proposals for two new programs.

(3) One program was terminated during the year.

(4) Three petitions were filed requesting relief from the provisions of the California-Arizona orange order. Two of these were dismissed without hearings as the petitions did not present justifiable issues. The third petition was dismissed on the basis of evidence received at a hearing. Injunctions restraining the petitioners from violating the orders were obtained in each of these cases.

(c) The cost of the programs by years since they were initially financed from Section 32 is as follows:

Fiscal Year	Marketing Agreements and Orders		
	Milk	Fruit & Vegetable	Total
1943	$348,000	$203,350	$551,350
1944	287,000	79,300	366,300
1945	289,000	15,934	304,934
1946	385,000	168,053	553,053
1947	404,000	325,969	729,969
1948 (Est.)	375,000	325,000	700,000
1949 (Est.)	375,000	325,000	700,000

3. Other Activities in Aid of Removal of Surpluses

From administrative funds available under this appropriation, activities are carried on to assist growers in the removal of surpluses and thus lessen the need for outright Government purchase, and to increase the utilization of locally produced fruits, vegetables and other commodities.

(a) Marketing Abundant Foods:

(1) In addition to area and local programs on various food commodities, special national marketing programs were conducted featuring potatoes, eggs, broilers and fryers, onions, turkeys, and peaches.

(2) A list of foods in plentiful supply was prepared each month and distributed to organizations and individuals who had an opportunity to feature the sale or use of such commodities or to focus consumer attention on them.

(3) Program emphasis during the past year was directed toward:

(a) Stimulating the movement of specific agricultural commodities, the supply of which tended to be in excess of normal demand.

(b) Broadening agricultural markets through the promotion of new commodities and improving the distribution of others.

(c) Removing barriers, occasioned by distribution practices, to the movement of certain commodities in specified areas.

(b) Food Preservation Program:

(1) Technical assistance on food preservation problems was furnished to school kitchen canneries, food preservation centers, and institutional canneries.

(2) Special emphasis was placed on encouraging schools and community canning centers to process surplus foods. During the calendar year 1946 the State of Texas, for example, processed or canned in school kitchens and community canning centers, the following foods for use in school lunches:

Commodity	Canned (Quarts)	Processed for Freezing (Pounds)
Eggs	- -	1,200
Fruits	64,504	- -
Meats	4,541	61,411
Tomatoes	39,048	- -
Vegetables	54,049	1,280
Total	162,142	63,891
Number of schools participating	297	

(3) A total of 113 workshop programs to train local canning plant supervisors were conducted.

(4) Spoilage, faulty equipment, and operation problems of 556 school, community, and institutional canning and freezing plants were reviewed for recommendation of corrective action.

(5) Food preservation publications prepared and distributed included:

(a) "Basic Recommendations for Freezer-Locker Plant Construction," which serves as a guide to schools and community groups planning the building of a locker plant.

(b) "Lye-Peeling of Products for Canning," which contains instructions for peeling peaches, Kieffer pears, carrots, and potatoes. A design for a batch-type lye peeler, which had been in great demand by community, school and institutional canneries throughout the country, was included in this publication.

(g) Administration of the National School Lunch Act

Appropriation Act 1948 (Amount made available from "Exportation and Domestic Consumption of Agricultural Commodities")	$65,000,000
Budget Estimate, 1949 (Direct appropriation)	65,000,000
Change for 1949	- -

PROJECT STATEMENT

Project	1947	1948 (estimated)	1949 (estimated)
1. Food assistance	$67,363,795	$63,500,000	$63,500,000
2. Non-food assistance	9,907,392	-	-
3. Administrative expenses (includes transfer to "Administrative Expenses, Section 392, Agricultural Adjustment Act of 1938")	1,978,218	1,418,000	1,418,000
Allotted to Bureau of Human Nutrition and Home Economics	+28,065	+47,000	+47,000
Transferred to "Printing and binding, Department of Agriculture"	+45,000	+35,000	+35,000
Transferred to Office of Information	+1,200	-	-
Unobligated balance	1,676,330	-	-
Total available for School Lunch purposes	81,000,000	65,000,000	65,000,000
Amount made available by transfer from "Exportation and Domestic Consumption of Agricultural Commodities"	-75,000,000	-65,000,000	-
Total appropriation or estimate	6,000,000	-	65,000,000

CHANGES IN LANGUAGE

The estimates include the following new language:

> To enable the Secretary to carry out the provisions of the National School Lunch Act of June 4, 1946 (Public Law 396), $65,000,000: Provided, That no part of such funds shall be used for nonfood assistance under section 5 of said Act.

This new language is proposed to provide for a direct appropriation in 1949 to carry out the provisions of the National School Lunch Act, in lieu of financing the program from funds made available from Section 32, as provided in the 1948 Agricultural Appropriation Act.

ITEMIZATION OF ESTIMATES

Appropriation: National School Lunch Act

Funds Available for Obligation

Item	Estimate, 1948	Budget Estimates, 1949	Increase (+) or decrease (-)
Appropriation or estimate	- -	$ 65,000,000	$+65,000,000
Allotted to "Bureau of Human Nutrition and Home Economics"	$ -47,000	-47,000	- -
Transferred to:			
"Administrative expenses, Section 392, Agricultural Adjustment Act of 1938"	-108,670	-108,670	- -
"Printing and binding, Department of Agriculture"	-35,000	-35,000	- -
Transferred from "Exportation and domestic consumption of agricultural commodities, Department of Agriculture"	+65,000,000	- -	-65,000,000
Total obligations	64,809,330	64,809,330	- -

Obligations by Objects

Standard Classification			
01 Personal services	1,123,330	1,123,330	- -
02 Travel	91,000	91,000	- -
03 Transportation of things	6,000	6,000	- -
04 Communication services	28,000	28,000	- -
05 Rents and utility services	30,000	30,000	- -
07 Other contractual services	12,000	12,000	- -
08 Supplies and materials	15,000	15,000	- -
09 Equipment	4,000	4,000	- -
11 Grants, subsidies and contributions	63,500,000	63,500,000	- -
Total obligations	64,809,330	64,809,330	

STATUS OF PROGRAM

This program is designed to:

1. Improve the health and well-being of the Nation's children by:

   a. providing them a well-balanced lunch at school to help fill their daily nutritional requirements.

      Experience indicates that children who get lunch under this program, compared with those who do not, show:

      (1) more rapid gain in weight and height
      (2) better attendance records
      (3) improvement in scholastic standing
      (4) better deportment
      (5) higher resistance to colds and other illnesses.

   b. developing proper and nutritionally beneficial food habits which will continue in later life.

2. Broaden the market for agricultural food commodities by:

   a. providing an expanded market for agricultural commodities through local purchases of food by school lunch programs in commercial channels of trade

   b. serving as a valuable outlet for agricultural commodities purchased by the Department to (1) alleviate local and seasonal surpluses; and (2) provide highly nutritious foods particularly in areas of nutritional deficiencies

   c. introducing a wider variety of foods, thus creating a demand for commodities that many housewives would not otherwise buy.

Current activity under the program includes:

1. Furnishing cash assistance to schools for food purchases by:

   a. apportioning among the States and Territories a minimum of 75 percent of the total food assistance funds available on the basis of need as indicated by:

      (1) State per capita income compared with United States per capita income,
      (2) State population 5 to 17 years of age.

   b. paying the apportioned funds to State agencies on a quarterly basis.

      The State agencies reimburse participating schools for the cost of lunches served when the schools:

(1) serve meals meeting minimum nutritional standards prescribed by the Secretary;
(2) offer luncheon to all children attending the school and serve it free or at reduced cost to children who are unable to pay the full cost;
(3) agree to purchase commodities designated by the Secretary as being in abundance.

c. paying the funds directly to participating private schools in the 30 States where State laws forbid disbursement of funds by State agencies to private schools. (A proportionate share of the State's total apportionment is held back for this purpose.)

2. Furnishing food items to schools for lunch programs by:

a. purchasing food commodities under Section 6 of the Act and arranging for their distribution through approved State distributing agencies

(1) at a total cost not to exceed 25 percent of the food assistance funds.
(2) on basis of their nutritional value and acceptability under the Regulations.
(3) either from surplus Government stocks or on the open market.
(4) in areas where they are most needed.

b. distributing commodities acquired under the Section 32 appropriation to school lunches through approved State distribution agencies.

3. Making reviews and audits of programs by:

a. annual audits of the records of State agencies administering the program and, with State agency's understanding, auditing records of selected schools.

b. comprehensive administrative analyses of State agencies' operations under the program.

c. conducting administrative reviews in individual schools as necessary.

4. Conduct of research by the Bureau of Human Nutrition and Home Economics to:

a. develop and test quantity recipes which meet the nutritional requirements under the Act.

b. determine, by chemical analysis, the composition and nutritive value of typical school lunches as served.

c. determine and improve management techniques in school lunchrooms with respect to minimum adequate space and equipment as well as good food buying practices.

Examples of progress, trends and scope of activity:

1. Extent of Participation: During February, the month of peak participation in fiscal year 1947, a total of 7,113,927 children participated in lunch programs in 48,015 schools. These schools received Federal assistance in the form of cash with which to purchase food, in the form of food purchased and distributed by the Department, or in both of these forms. (See Table I for participation by State.) The 7,113,927 children represented only about 27 percent of the 26,384,039 children enrolled in elementary and secondary schools in the United States and Territories.

   Under the cash assistance phase of the program 910,926,717 meals were served. During February, 6,016,129 children in 44,537 schools participated in the cash assistance phase of the program. (See Table II for participation by State.) The number of meals served to these children during the 1947 fiscal year represented an increase of 106,028,910 or 13.2 percent over 1946. During the 4 years, 1944-1947, the number of meals served almost doubled. However, of more significance is the outstanding improvement in the quality of the meals as evidenced by the fact that the number of Type A meals served during this period almost tripled. (See Table III for participation and meals served by type.)

2. Quantity and kinds of food Federally purchased and distributed: Supplementing the cash assistance, commodities purchased by the Department were distributed to schools. Under authority of Section 6 of the National School Lunch Act, 40,107,983 pounds of nutritious food valued at $5,785,693 were distributed to schools participating in the cash program. Among these items were 785,978 pounds of dry skim milk, channeled to milk-deficient areas, and 14,483,732 pounds of tomato juice and 8,089,488 pounds of concentrated orange juice to meet Vitamin C deficiencies. These are protective foods which are particularly necessary during winter months to maintain resistance to colds and other illnesses. (See Table IV for a breakdown by commodities.)

   In addition, commodities acquired under the Section 32 appropriation totalling 111,242,409 pounds, valued at $2,312,479, were donated to school lunch programs. (See Table V for breakdown by commodities.)

   Section 6 or Section 32 commodities were distributed in each of the 48 States, the District of Columbia, Hawaii, Puerto Rico and the Virgin Islands. (See Table VI for this distribution.)

3. Total quantity of food utilized: The above commodities supplemented the lunches served with food purchased locally. Figures on the exact amount of such purchases are unavailable. However, on the basis of the number of meals served multiplied by minimum quantities of individual foods or food groups required to be served per meal, it is estimated that more than 880,000,000 pounds of food were purchased locally during fiscal year 1947. Well over a billion pounds of agricultural food commodities, therefore, were channeled to school lunches during 1947 when 27 percent of the school children participated in the program. The potential outlet for agricultural commodities provided by this program can be estimated conservatively at about 4 billion pounds.

4. Factors affecting participation include:

a. The amount of the Federal contribution which

(1) governs the rate of Federal reimbursement
(2) limits the number of meals that can be served free of charge to children
(3) affects the price charged to paying children

For fiscal year 1947, contributions to the program totalled $271,497,480 of which $78,338,155, or 28.8 percent, was contributed by the Federal Government. The following table shows the breakdown of contributions by source.

Contributor	Amount	Percent of Total
Federal Government (exclusive of Section 32 commodities)	$78,338,155	28.8
Sources within the States:		
Payments by children	137,340,705	50.6
State and local governments	27,651,154	10.2
Other local contributions	28,167,466	10.4
Total State sources	193,159,325	71.2
Grand total	271,497,480	100.0

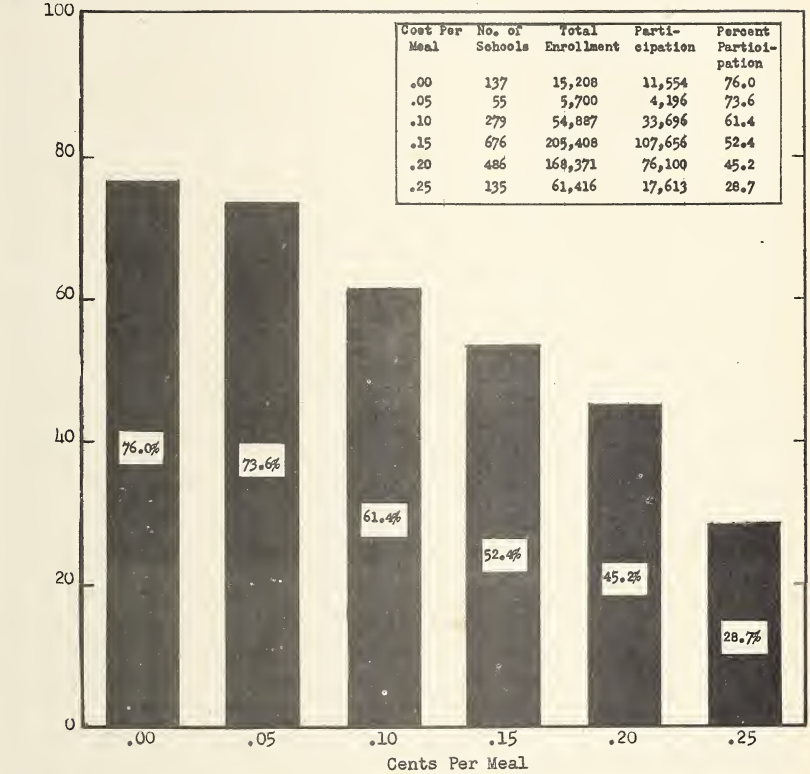
b. The rate of Federal reimbursement. The 9-cent maximum reimbursement rate for the Type A meal was established in 1943 when the total cost of this meal averaged 17 cents. The average food cost of a Type A meal in 1947 was 5.9 cents higher than in 1943, and the cost of preparing and serving such a meal also increased during that period. Sources within the States have borne the burden of these increased costs. For example, to receive Federal reimbursement for the 527,466,230 Type A meals served in 1947 it was necessary for the States to contribute, for food purchase alone, over $31,000,000 more than would have been required in 1943. Federal reimbursement rates for the Type A meal have been less than the 9-cent maximum in several instances in order that as many meals as possible could be kept at a high nutritional level. The great demand for new and expanded programs has made this action necessary.

c. The price charged children. That the level of participation is directly affected by the price charged for the lunches has been generally accepted. The importance of this factor has been clearly demonstrated by facts uncovered in administrative reviews of schools participating in seventeen States. These facts are reflected in the following chart which indicates that participation dropped almost 10 percent for every 5-cent increase in the price charged to children.

UNITED STATES DEPARTMENT OF AGRICULTURE
Production and Marketing Administration

NATIONAL SCHOOL LUNCH PROGRAM

Relationship Between The Percent Of Enrollment Participating And Prices Charged For A Complete Type A Meal 1/
Fiscal Year 1947



Cost Per Meal	No. of Schools	Total Enrollment	Participation	Percent Participation
.00	137	15,208	11,554	76.0
.05	55	5,700	4,196	73.6
.10	279	54,887	33,696	61.4
.15	676	205,408	107,656	52.4
.20	486	168,371	76,100	45.2
.25	135	61,416	17,613	28.7

1/ Prices charged to children participating in School Lunch Programs vary in accordance with the amount of Federal, State and local contributions in cash and kind made available to individual programs. In some instances such contributions were sufficiently large to enable programs to serve free meals to all children desiring to participate. However, the bulk of the programs found it necessary to charge at least 15 or 20 cents to break even on operating costs. As indicated in the chart above, the price charged has a definite effect on the proportion of children who find it possible to participate. In programs serving free meals, an average of 76 percent participated; at a price of 20 cents, less than half of the children enrolled participated.

Source of Data: Administrative reviews of operating programs in 17 States conducted in F.Y. 1947 which provided data on total enrollment, number of children participating in the lunch program and the price charged to the children.

UNITED STATES DEPARTMENT OF AGRICULTURE
Production and Marketing Administration

National School Lunch Program

Table I

Percentage of Schools and Children Participating a/
Fiscal Year 1947

State	Elementary and Secondary Schools			Children in Elementary & Secondary Schools		
	Total by State	Number Participating	Percent Participation	Total Enrollment	Number Participating	Percent Participation
Alabama	5,250	1,193	22.7	653,179	223,094	34.2
Arizona	578	156	27.0	109,169	29,416	26.9
Arkansas	4,690	899	19.2	409,272	139,285	34.0
California	5,109	1,603	31.4	1,468,974	513,568	35.0
Colorado	2,431	316	13.0	209,140	39,802	19.0
Connecticut	1,221	315	25.8	310,601	53,312	17.2
Delaware	253	66	26.1	50,082	12,209	24.4
District of Columbia	209	86	41.1	109,724	15,491	14.1
Florida	2,531	804	31.8	371,744	128,268	34.5
Georgia	5,079	2,483	48.9	682,443	341,194	50.0
Idaho	1,244	230	18.5	111,040	30,442	27.4
Illinois	13,891	2,484	17.9	1,402,158	415,799	29.7
Indiana	3,891	968	24.9	700,853	154,436	22.0
Iowa	10,427	902	8.7	519,288	114,217	22.0
Kansas	6,643	566	8.5	363,849	47,784	13.1
Kentucky	6,959	884	12.7	572,332	125,070	21.9
Louisiana	3,356	1,365	40.7	499,457	211,665	42.4
Maine	2,044	464	22.7	176,446	47,765	27.1
Maryland	1,411	444	31.5	340,255	65,480	19.2
Massachusetts	3,040	1,640	53.9	756,548	193,747	25.6
Michigan	9,444	1,439	15.2	1,083,363	247,119	22.8
Minnesota	7,696	1,220	15.9	533,006	152,957	28.7
Mississippi	5,016	1,061	21.2	568,327	130,403	22.9
Missouri	8,023	1,282	16.0	703,609	173,256	24.6
Montana	1,854	177	9.5	98,624	19,395	19.7
Nebraska	6,887	412	6.0	255,041	46,330	18.2
Nevada	258	45	17.4	25,156	4,427	17.6
New Hampshire	1,828	273	14.9	89,023	25,824	29.0
New Jersey	2,417	1,051	43.5	739,337	157,715	21.3
New Mexico	953	257	27.0	132,146	26,788	20.3
New York	9,311	2,449	26.3	2,261,051	535,217	23.7
North Carolina	4,573	1,330	29.1	811,260	304,165	37.5
North Dakota	4,290	557	13.0	125,791	27,402	21.8
Ohio	5,979	1 495	25.0	1,292,890	289,611	22.4
Oklahoma	5,057	1,572	31.1	503,922	120,445	23.9
Oregon	1,751	507	29.0	218,374	62,419	28.6
Pennsylvania	10,982	1,778	16.2	1,835,636	227,908	12.4
Rhode Island	487	198	40.7	128,749	23,007	17.9
South Carolina	4,123	1,471	35.7	454,993	155,120	34.1
South Dakota	4,545	196	4.3	121,045	16,541	13.7
Tennessee	5,729	1,856	32.4	616,040	262,732	42.6
Texas	10,193	2,639	25.9	1,295,782	418,901	32.3
Utah	552	261	47.3	140,020	48,847	34.9
Vermont	1,171	370	31.6	63,153	20,919	33.1
Virginia	4,096	870	21.2	565,421	136,443	24.1
Washington	1,681	605	36.0	400,421	82,797	20.7
West Virginia	4,878	1,302	26.7	414,035	96,640	23.3
Wisconsin	6,869	1,366	19.9	607,253	136,760	22.5
Wyoming	1,274	131	10.3	50,334	14,196	28.2
Total U. S.	212,174	46,038	21.7	25,950,356	6,866,328	26.5
Alaska	b/	6		7,295	1,011	13.9
Hawaii	b/	148		101,108	53,421	52.8
Puerto Rico	b/	1,790		320,176	190,184	59.4
Virgin Islands	b/	33		5,104	2,983	58.4
Total - Territories		1,977		433,683	247,599	57.1
GRAND TOTAL		48,015		26,384,039	7,113,927	27.0

a/ Includes all children receiving lunches either under the National School Lunch program or from surplus commodities acquired under Section 32, during February 1947, the month of peak participation.

b/ Figures not available

5. Effect of nonfood assistance:

The $10,000,000 provided for nonfood assistance to schools during fiscal year 1947 was utilized to:

a. provide facilities for approximately 30,000 schools.

b. make possible meals of higher nutritional quality in schools which had served only milk or uncooked foods in prior years.

No funds were appropriated for this purpose in the fiscal year 1948, and none are proposed for fiscal year 1949.

UNITED STATES DEPARTMENT OF AGRICULTURE
Production and Marketing Administration

NATIONAL SCHOOL LUNCH PROGRAM

TABLE II

Schools and Children Participating in the Cash Assistance Phase of the Program During February 1947

State	Total Participation Schools	Total Participation Children	State	Total Participation Schools	Total Participation Children
Alabama	1,132	169,756	Nevada	45	4,427
Arizona	156	29,416	New Hampshire	264	23,264
Arkansas	861	117,519	New Jersey	981	131,925
California	1,483	250,820	New Mexico	200	20,609
Colorado	298	35,657	New York	2,363	508,847
Connecticut	305	48,312	North Carolina	1,148	260,324
Delaware	64	11,359	North Dakota	550	26,188
District of Columbia	86	15,491	Ohio	1,248	228,905
Florida	681	98,587	Oklahoma	1,561	117,634
Georgia	1,355	217,266	Oregon	449	53,899
Idaho	230	30,442	Pennsylvania	1,697	204,991
Illinois	2,086	363,881	Rhode Island	188	21,815
Indiana	931	130,064	South Carolina	1,471	155,120
Iowa	902	114,217	South Dakota	175	13,964
Kansas	566	47,784	Tennessee	1,661	187,078
Kentucky	880	124,905	Texas	2,489	286,696
Louisiana	1,290	200,465	Utah	260	48,647
Maine	464	47,765	Vermont	345	20,419
Maryland	444	65,480	Virginia	823	108,980
Massachusetts	1,603	189,157	Washington	599	78,763
Michigan	1,342	225,624	West Virginia	1,302	96,640
Minnesota	1,220	152,957	Wisconsin	1,366	136,760
Mississippi	1,061	130,403	Wyoming	129	12,146
Missouri	1,220	140,287	Alaska	6	1,011
Montana	177	19,395	Hawaii	148	53,421
Nebraska	409	43,480	Puerto Rico	1,790	190,184
			Virgin Islands	33	2,983

Total Participation ..... Schools: 44,537

Total Participation ..... Children: 6,016,129

UNITED STATES DEPARTMENT OF AGRICULTURE
Production and Marketing Administration

NATIONAL SCHOOL LUNCH PROGRAM

TABLE III

Participation and Meals Served
Cash Assistance Phase of the National School Lunch Program
Fiscal Years 1944 - 1947
by Type of Meal

	Fiscal Year			
	1/ 1944	2/ 1945	2/ 1946	3/ 1947
Number of Children participating 4/				
Type A meal 5/....	1,038,548	1,995,582	2,565,848	3,514,491
All other 5/.....	2,723,548	2,277,613	2,152,491	2,501,638
Total.....	3,762,096	4,273,195	4,718,339	6,016,129
Number of meals served				
Type A	178,631,421	320,295,328	429,601,388	527,466,230
All other	296,681,258	365,348,335	375,296,419	383,460,487
Total	475,312,679	685,643,663	804,897,807	910,926,717
Type A Meals as Percent of Total Served	37.6	46.7	53.4	57.9

1/ Continental United States only.

2/ Continental United States, Hawaii and Alaska.

3/ Continental United States, Hawaii, Alaska, Puerto Rico and Virgin Islands.

4/ Excludes children receiving only direct distribution commodities since these programs do not report meal type information. Such programs served the following numbers of children: in 1944, 1,714,145; in 1945, 2,382,263; in 1946, 2,052,502; and in 1947, 1,097,798.

5/ Type A meal is complete meal with milk. All other includes Type B (nutritionally less adequate meals) a nd Type C (milk only).

UNITED STATES DEPARTMENT OF AGRICULTURE
Production and Marketing Administration

NATIONAL SCHOOL LUNCH PROGRAM

TABLE IV

Commodities Distributed Under Section 6
of the National School Lunch Act
Fiscal Year 1947

Commodity	No. of Pounds	Dollar Value
Dairy Products		
Cheese, American	2,441,040	984,263
Chocolate Food Drink	182,363	58,690
Nonfat Dry Milk Solids	785,978	158,576
Dried and Canned Fruits and Juices		
Apricots	929,793	96,799
Figs	1,944,021	202,386
Orange Juice (concentrated)	8,089,488	1,772,488
Peaches	1,453,937	151,365
Pineapple	2,225,165	221,104
Raisins	59,289	13,792
Jams		
Apricot	1,651,656	238,759
Peach	2,602,965	376,278
Plum	1,295,705	187,304
Canned Vegetables and Juices		
Beans, Green	455,109	51,693
Beets	725,629	52,847
Carrots	705,622	65,276
Tomato Juice	14,483,732	1,148,431
Tomato Puree	76,491	5,642
Grand Total	40,107,983	5,785,693

UNITED STATES DEPARTMENT OF AGRICULTURE
Production and Marketing Administration

NATIONAL SCHOOL LUNCH PROGRAM

TABLE V

Section 32 Commodities Distributed to Schools
Fiscal Year 1947

Commodity	No. of Pounds	Dollar Value
Apples	1,115	40
Beans	84,292	4,366
Beets	2,016,047	32,457
Cabbage	2,965,297	54,857
Carrots	294,010	5,586
Eggs, dried	952	1,238
Grapefruit juice, canned	2,687	89
Onions, dry	6,645,190	184,071
Orange juice, canned	3,706	152
Potatoes, sweet	80,500	2,254
Potatoes, white	98,072,367	1,979,798
Spinach	1,076,246	47,571
Total	111,242,409	2,312,479

UNITED STATES DEPARTMENT OF AGRICULTURE
Production and Marketing Administration

National School Lunch Program

Table VI

Distribution to States of Commodities Purchased
by the Department of Agriculture for Use in School Lunches

Fiscal Year 1947

State	Section 6		Section 32	
	Quantity (pounds)	Cost (dollars)	Quantity (pounds)	Cost (dollars)
Alabama	1,571,993	229,208	4,034,900	83,987
Arizona	293,128	33,849	258,200	5,138
Arkansas	775,303	110,292	4,576,800	96,487
California	1,023,072	130,582	1,923,985	38,358
Colorado	233,012	32,918	969,650	20,038
Connecticut	240,941	39,550	630,750	12,571
Delaware	190,634	30,762	222,450	4,545
District of Columbia	22,181	2,196	10,000	199
Florida	837,150	126,103	1,558,900	32,313
Georgia	2,024,939	296,092	4,490,406	93,732
Idaho	167,709	17,872	37,580	748
Illinois	2,538,031	353,277	5,448,172	110,886
Indiana	813,985	114,132	2,073,328	41,828
Iowa	556,700	75,424	1,448,100	29,690
Kansas	376,100	49,741	1,370,900	27,956
Kentucky	1,120,955	181,910	4,676,077	97,583
Louisiana	1,013,847	143,920	2,266,261	47,554
Maine	267,088	32,995	784,300	16,410
Maryland	388,224	54,596	1,268,200	25,773
Massachusetts	434,457	64,665	2,088,626	43,036
Michigan	564,140	85,455	1,525,981	30,121
Minnesota	651,764	85,965	1,512,500	30,097
Mississippi	1,185,978	173,967	2,044,300	40,682
Missouri	737,757	120,215	3,607,399	73,088
Montana	149,733	22,089	138,400	2,988
Nebraska	169,169	24,671	544,100	11,011
Nevada	30,297	3,659	28,500	568
New Hampshire	74,751	9,105	122,200	2,487
New Jersey	653,636	95,495	1,438,058	29,091
New Mexico	98,827	15,408	648,250	14,530
New York	3,543,659	514,415	5,224,456	104,308
North Carolina	2,254,728	323,896	8,133,352	165,246
North Dakota	136,656	18,730	273,500	5,443
Ohio	1,858,236	285,223	5,700,999	117,189
Oklahoma	845,005	124,438	3,021,391	61,714
Oregon	469,887	64,556	792,500	16,357
Pennsylvania	635,946	94,979	3,162,881	64,384
Rhode Island	82,854	10,567	484,803	9,812
South Carolina	1,494,842	241,297	6,074,406	128,408
South Dakota	107,255	13,593	495,193	9,860
Tennessee	1,363,761	205,323	3,698,922	77,361
Texas	1,859,914	257,306	8,143,431	170,017
Utah	346,298	48,859	975,400	19,409
Vermont	315,389	41,983	241,280	4,809
Virginia	1,073,395	162,922	2,959,668	60,763
Washington	697,953	100,008	761,700	15,157
West Virginia	1,131,388	192,189	4,039,175	83,583
Wisconsin	754,794	113,033	1,595,550	32,793
Wyoming	116,829	17,010	324,050	6,704
Hawaii	826,559	78,592		
Puerto Rico	917,822	109,260	3,320,921	93,649
Virgin Islands	69,312	11,401	71,558	2,018
Total	40,107,983	5,785,693	111,242,409	2,312,479

(h) Marketing Services

The budget estimates propose the consolidation of the current subappropriation "Freight Rates for Farm Products" with the subappropriation "Marketing Farm Products". This proposal would combine under one appropriation item funds for work on transportation problems, including assistance in obtaining adequate transportation facilities, reducing inefficiency and costs in physical handling, and obtaining reasonable freight rates.

The Budget also proposes consolidation of seven of the present Marketing Services subappropriations for regulatory work into a single appropriation item to be known as "Marketing Regulatory Acts". This change places under one appropriation item funds for the administration and enforcement of the marketing regulatory laws. The work performed under each regulatory act is explained separately, and the present seven subappropriations are set up as separate projects.

This consolidation will in no way affect the scope or method of handling the work under these acts. The following table compares the existing appropriation structure with that proposed in the Budget for "Salaries and Expenses, Marketing Services":

Salaries and Expenses, Marketing Services - (Amounts shown are for Fiscal Year 1948)

Comparison of Present and Proposed Appropriation Structure

Present Appropriation Structure		Proposed Appropriation Structure	
Item	Amount	Item	Amount
Market News Service	$1,566,250	Market News Service	$1,566,250
Market Inspection of Farm Products	712,000	Market Inspection of Farm Products	712,000
Marketing Farm Products	1,000,000	Marketing Farm Products	1,138,000
Freight Rates for Farm Products	138,000		
Tobacco Acts	1,552,000	Tobacco Acts	1,552,000
Cotton Statistics, Classing, Standards, and Futures Acts	1,399,000	Cotton Statistics, Classing, Standards, and Futures Acts	1,399,000
PAC, Produce Agency, and Standard Container Acts	294,000	Marketing Regulatory Acts	3,097,000
Packers and Stockyards Act	528,000		
Insecticide Act	368,500		
Federal Seed Act	152,500		
U. S. Grain Standards Act	1,128,000		
Naval Stores Act	41,000		
U. S. Warehouse Act	585,000		
Total	9,464,250		9,464,250

(4) Market News Service

Appropriation Act, 1948	$1,566,250
Budget estimate, 1949	1,626,250
Change, 1949	+60,000

SUMMARY OF INCREASES

For increased operating costs incident to compiling and furnishing market reports	+$42,000
For within-grade salary advancements	+18,000

PROJECT STATEMENT

Project	1947	1948 (estimated)	1949 (estimated)	Increase or decrease
1. Livestock, meats and wool	$538,450	$584,786	$597,906	+$13,120
2. Fruits and vegetables	572,390	597,620	626,860	+29,240
3. Dairy and poultry products	203,659	245,400	257,835	+12,435
4. Grain, hay, feed, seed, rice, hops and beans	82,122	84,764	88,554	+3,790
5. Cottonseed	21,224	21,828	22,493	+665
6. Cold storage reports.	27,619	31,852	32,602	+750
Unobligated balance, estimated savings	5,508	- -	- -	- -
Total available	1,450,972	1,566,250	1,626,250	+60,000(1)
Transferred from "Exportation and domestic consumption of agricultural commodities, Department of Agriculture" (For Pay Act Costs)	-130,000	- -	- -	
Total appropriation or estimate	1,320,972	1,566,250	1,626,250	

INCREASES

(1) An increase of $60,000 to meet, in part, increased operating costs composed of:

(a) An increase of $42,000 for increased communication and supply costs:

Objective: To prevent curtailment of Market News Service and the closing of offices by providing funds to cover increases in costs which would otherwise have to be met by curtailment of services.

The Problem: Increases in telegraph rates, costs of supplies and materials, and similar items have an immediate and direct effect on the Market News Service. This service is somewhat unusual in that approximately 25 percent of the appropriation is required for such expenses.

The cost of communication services for market news is unusually heavy since the reports can be timely and up-to-date only through assembly and dissemination of data by telegraph and leased wire. Communication costs for 1947 totaled $205,248. Telegraph rates alone increased 130 percent from 1940 to March 1947. Similarly, costs of supplies such as mimeograph paper, stencils, and mimeograph ink are of primary importance to the service. A vast number of users of market news can be reached only through extensive issuance of mimeographed reports. The service currently requires approximately 65,000 reams of paper annually. Paper costs per ream are currently 370 percent of 1940 prices. The mimeograph paper bill alone for 1948 is estimated at over $80,000.

Action to Meet Rising Costs: Effort has been made to offset increases in these costs by economies in operation and improvement in management practices. These include such actions as limiting many of the market news reports to one page, consolidating two or more reports into one, use of micro-elite and other small type in order to issue more information in a smaller space, mailing folded reports in order to eliminate the cost of envelopes, and eliminating wires for f.o.b. fruit and vegetable shipment information by using leased wire the following morning to save telegraph costs. Savings accruing from these economies have been used to offset costs which have been increasing continuously since 1940. It is estimated that new economies put into effect in fiscal year 1948 will realize additional savings of approximately $25,000 on an annual basis.

All increases in Costs Cannot be Offset: During recent months costs have increased to the point where they cannot be offset by further management and operating economies. Such recent cost increases affecting this service include:

(1) An increase of 25 percent in cost to the Government of domestic telegraph service, effective October 24, 1947. This represents approximately $10,000 annually to the Market News Service.

(2) Increases in the more important items of supply and operating costs, other than communication, as follows:

	1947 Cost	Present Cost	Percent Increase
Mimeograph paper (av. per ream)	$ .94	$ 1.30	38%
Stencils (av. per quire)	.81	.93	15%
Memeograph ink (av. per lb.)	.35	.50½	44%
Office rental and utilities (av. per office)	300.00	370.00	23%

With continuation of these higher rates, increased costs to the Market News Service will total $43,000 on an annual basis.

(3) Anticipated increases for 1949 of 8 percent in other communication costs. It is estimated that this will approximate $13,000. If the increases do not materialize, any amount that is appropriated for this purpose will be set aside in reserve for return to the Treasury.

(b) An increase of $18,000 for within-grade salary advancements.

The Mead-Ramspeck Act, as amended by the Federal Employees Pay Act of 1945, provides that employees compensated on a per annum basis and occupying permanent positions, and who have not attained the maximum rate of compensation for the grade in which their positions were allocated, should receive an advance in compensation to the next higher rate within the grade after each 12 months of service for employees in grades below CAF-11 (and comparable grades in other services), and after each 18 months of service for employees in grades CAF-11 and above (and comparable grades in other services) The increase of $18,000 is to cover, in part, the additional cost of these within-grade salary advancement in the fiscal year 1949. These increases were determined only after careful consideration of the cost of within-grade salary advancements that can be absorbed through (1) savings due to delay in filling vacancies and (2) savings due to filling vacancies at the minimum of the grade as a result of separations and promotions.

The cost of within-grade promotions in the Market News Service which cannot be absorbed without serious curtailment or complete elimination of some service now being rendered will total over $18,000 during 1949.

These increased costs which have already occurred or are anticipated for 1949 total approximately $84,000 on an annual basis. If the increase of $60,000 is not allowed for the fiscal ye ar 1949 it will be necessary to close offices and discontinue services to the extent necessary to offset the increased costs.

Use of interchange authority to meet emergency in 1948: To the extent that a portion of these increased costs which occur in 1948 cannot be offset by management and operating economies, it is planned to use the authority contained in Section 702(b) of the Department of Agriculture Organic Act of 1944, which allows the interchange of not to exceed 7 percent of funds from one appropriation to another.

ITEMIZATION OF ESTIMATES

Appropriation: Market News Service

Funds available for Obligation

Item	Estimates, 1948	Budget Estimates, 1949	Increase(+) or decrease(-)
Appropriation or estimate	$1,566,250	$1,626,250	+60,000
Reimbursements for services performed	200	200	- -
Payments received from non-federal sources	46,184	46,184	- -
Total obligations (inclusive of reimbursements)	1,612,634	1,672,634	+60,000

Obligations by Objects

Standard Classification			
01 Personal services	1,215,912	1,233,912	+18,000
02 Travel	31,000	31,000	- -
03 Transportation of things	8,000	9,200	+1,200
04 Communication services	222,000	245,000	+23,000
05 Rents and utility services	30,000	31,000	+1,000
07 Other contractual services	19,000	19,800	+800
08 Supplies and materials	80,222	96,222	+16,000
09 Equipment	6,500	6,500	- -
Grand total obligations	1,612,634	1,672,634	+60,000
Reimbursements for services performed	200	200	
Payments received from non-federal sources	46,184	46,184	
Total available (exclusive of reimbursements)	1,566,250	1,626,250	

STATUS OF PROGRAM

Current Activities: This service enables farmers to receive equitable prices and aids in preventing waste from local surpluses by providing timely and reliable market news.

Current Volume and Scope of Market News Service:

1. Daily market news reports are issued in 42 large marketing centers and approximately 37 temporary offices located in the major producing and distributing areas. (Location of the permanent and seasonal offices is shown on the attached map.)

2. During the 1947 fiscal year, 744 radio stations presented, without cost to the Federal Government, approximately 372,000 market news programs which consisted of 930,000 broadcasts of commodity reports.

3. All large press wire services in the country carried some of the reports, and at least 885 newspapers, with a daily circulation of approximately 7,500,000.

4. Market news was also carried in weekly, semi-monthly, and monthly farm papers with a circulation of 16,000,000.

5. More than 23,000,000 mimeographed reports were distributed directly to individuals or firms requesting the information.

6. The following table summarizes this activity by commodity groups:

Market News Activity by Commodity Group - Fiscal Year 1947

Commodity Group	Number of Field Offices	Number of Buyers and Sellers Interviewed	Radio Dissemination: Number of Stations	Radio Dissemination: Number of Broadcasts	Mimeographed Releases to Growers, Shippers, Dealers and Others
Livestock	Livestock				
Meats and	and Meats 30				
Wool	(Wool 1	3,000	620	307,360	5,150,000
Fruit and	(Permanent 21	1,823	458	236,000	9,300,000
Vegetable	(Seasonal 41	800			
Dairy and Poultry Products	24	2,500 1/	421	215,600	6,700,000
Grain Products	7	311 2/	276	180,000	1,500,000
Cotton-seed	3	140 3/	4/	4/	312,000
Cold Storage	None	1,800 5/	4/	4/	45,000 6/

1/ Includes all respondents, such as stores, truckers and railroads.
2/ Includes 26 commerical correspondents under Special agreement who furnish market information regularly where no field office is maintained.
3/ During marketing season--approximately August through January--more than 2,500 gins report prices on cottonseed.
4/ Data not available.
5/ Information supplied by operators of cold storage warehouses.
6/ In addition to these releases, dealing solely with cold storage holdings, the cold storage information is included in many of the commodity market news releases which give it a circulation of approximately 281,000 copies.

7. Cooperative agreements expand coverage - Cooperative agreements (which specify the services to be rendered) have been entered into with State Departments of Agriculture as shown in the following table. Contributions of the cooperating States make possible a more extensive service than could otherwise be conducted.

Federal-State Cooperative Agreements, Fiscal Year 1947

Cooperating State	Commodity Group			
	Meats & Wool	Fruits and Vegetables	Dairy and Poultry	Grain and Feed Products
Alabama	x	x	x	x
Arizona	----------	x	--------	---------
Arkansas	----------	x	x	---------
California	x	x	x	x
Delaware	----------	----------	x	---------
Florida	x	x	--------	---------
Illinois	----------	x	--------	---------
Iowa	x	----------	x	x
Louisiana	----------	x	x	x
Maine	----------	x	--------	---------
Maryland	x	x	x	---------
Michigan	----------	x	x	---------
Minnesota	----------	x	--------	---------
New Jersey	----------	x	--------	---------
New York	----------	x	x	---------
North Carolina	----------	x	x	x
Ohio	----------	x	x	---------
Oklahoma	----------	x	--------	---------
Oregon	----------	----------	--------	x
Pennsylvania	----------	x	--------	---------
South Carolina	----------	x	--------	---------
Tennessee	x	----------	--------	---------
Texas	x	----------	--------	---------
Virginia	----------	x	x	---------
Washington	----------	x	x	---------
Wisconsin	----------	x	--------	---------
Total States	7	21	13	6
Territory of Hawaii	-	x	-	-

Examples of Current Trends and Recent Changes in the Program:

1. Livestock, Meats and Wool -The high level of livestock, meat and wool prices and their wide daily fluctuations resulted in unusual public interest and a demand for over five million releases in this field. In addition more than 300,000 radio broadcasts were disseminated over 620 stations.

   Meat trade reporting was re-established in Chicago in 1946 after a lapse of nearly four years and work in New York City was expanded. An office was opened in Spokane, Washington, in August 1946 and the leased wire was extended to that office so that current information from outside markets could be combined daily with local market information and disseminated for the first time throughout a wide area of the Northwest.

   The increasing need for market news services on wholesale dressed meat at Portland and Los Angeles is becoming more apparent. The independent West Coast packers have built up an industry important to American farmers. The service is now being extended to include the collection and dissemination of market information on wholesale dressed meats in Los Angeles and Portland.

2. Vegetables - A total of 9,300,000 mimeograph reports were distributed during fiscal year 1947, and 236,000 broadcasts were made over 458 stations.

   For the first time an office was operated throughout the year at Yakima, Washington, covering the large production of fresh and processed fruits and vegetables in the central Washington area.

   Daily news reports on citrus products (similar to the reports now being furnished the Florida and Texas citrus industry) are being initiated for the benefit of California producers and shippers.

   Additional cooperative agreements under which the States will pay at least 50 percent of the cost have been entered into as follows:

Location	Activity
Arkansas	Special service on strawberries.
Texas	State assistance for operation of seasonal market news office.
Louisiana	(1) Provide leased wire facilities to New Orleans. (2) Establish a cooperative office at Baton Rouge.

Location	Activity
Idaho	State assistance for operating seasonal office at Payette and Idaho Falls.
Maryland, Virginia, West Virginia (tri-state agreement)	Cooperative offices at Martinsburg during peach season.

3. Dairy and Poultry Products - The 5-billion-dollar dairy and poultry industry has been served by 14 offices where fairly complete market news service is provided and by nine other offices, financed through cooperative agreements, where only partial service is supplied. A total of 6,700,000 reports were issued and 215,600 broadcasts were made over 421 stations.

The offices at New York and San Francisco are being strengthened by an additional reporter at each office. Offices are in process of establishment at St. Louis and Cleveland. With the current changes in marketing practices, such as direct buying by large retail distributors, cooperative marketing and increased truck movements, there has been a great demand for reliable market information in these large distributing centers.

Through trade custom, Wisconsin prices on American cheese are of such importance as to influence the markets throughout the country. A Federal-State market news office, in cooperation with the Wisconsin State Department of Agriculture, is now being established to provide official information on Wisconsin price and market conditions.

The emergence of broiler production as a major industry in several areas has resulted in the establishment of a market news service to cover the broiler markets. Projects in the Del-Mar-Va peninsula (which produces about two-thirds of the broilers marketed in the United States), northwest Arkansas, north Georgia, central North Carolina and the Shenandoah Valley in Virginia are being carried on under cooperative agreements between the Federal Government and the State agencies.

4. Grain and Related Products - The re-establishment of open competitive markets for grain and feed following the removal of price ceilings increased the farmers' and feeders' needs and demands for market news. A total of 1,500,000 reports were issued through seven field offices and 180,000 broadcasts were disseminated over 276 stations.

Increased emphasis was given to supplies and utilization in the market reports. Because the market for some commodities has moved away from the terminals to interior distributing centers, reporting of supply, demand and prices at these centers in addition to, and in some instances in place of, reporting at the terminals has become necessary.

5. Cottonseed - Cottonseed production in this country amounts to about 5 million tons annually, valued at about 250 million dollars. The movement of this crop to oil mills is reported from three central points in the Cotton Belt---Atlanta, Dallas, and Memphis.

6. Cold Storage Reports -During fiscal year 1947, eighty-seven different products were covered in the monthly reports. The reports have been expanded to include data on the amount of space occupied each month in all classes of cold storage warehouses--public, private, semi-private, meat-packing, and apple houses--on total stocks, and on Government-owned commodities. Effort is being made to obtain coverage of all refrigerated space used for storage.

Special reports were issued to give advanced cold-storage information on such seasonal products as apples and eggs. In October 1946, a special report on warehouse holdings of meat was obtained for use in connection with the removal of price controls on meat.

Special information is being obtained to assist in meeting the many problems of storage and marketing of frozen food products. The frozen food industry is growing rapidly. Sales of frozen foods amounted to approximately 300 million dollars, or 1.7 percent of the 18 billion dollars value of all food sales during 1947. About 730 frozen food processors marketed more than 500 brands through approximately 1,200 wholesalers and 35,000 retailers.

(j) Market Inspection of Farm Products

Appropriation Act, 1948	$712,000
Budget estimate, 1949	712,000
Change, 1949	- -

PROJECT STATEMENT

Project	1947	1948 (estimated)	1949 (estimated)
1. Inspection and certification of fresh and processed fruits and vegetables	427,618	454,440	454,440
2. Grading and certification of dairy and poultry products	68,862	72,050	72,050
3. Inspection and certification of rice, hay, beans, peas, seed, hops, and miscellaneous agricultural commodities	34,987	52,165	52,165
4. Grading and certification of meats and wool	25,010	99,465	99,465
5. Inspection of cottonseed	32,813	33,880	33,880
Unobligated balance	6,710	- -	- -
Total available	596,000	712,000	712,000
Transferred from "Exportation and domestic consumption of agricultural commodities, Department of Agriculture" (for Pay Act costs)	-60,000	- -	- -
Total appropriation or estimate	536,000	712,000	712,000

CHANGES IN LANGUAGE

The estimates include proposed changes in the language of this item as follows (new language underscored, deleted matter enclosed with brackets):

> Market inspection of farm products: For the [investigations] investigation and certification . . . . . .

This change is proposed merely for the purpose of substituting the word "investigation" (singular) for "investigations" (plural) to correct an error inadvertently included in the 1948 Agricultural Appropriation Act.

ITEMIZATION OF ESTIMATES

Appropriation: Market Inspection of Farm Products

Funds Available for Obligation

Item	Estimate, 1948	Budget Estimates, 1949	Increase(+) or Decrease(-)
Appropriation or Estimate	712,000	712,000	- -
Reimbursements for services performed	156,100	136,500	-19,600
Payments received from Non-federal sources	222,500	194,100	-28,400
Total obligations (inclusive of reimbursements)	1,090,600	1,042,600	-48,000
Obligations by Objects:			
Standard Classification			
01 Personal services	899,480	883,930	-15,550
02 Travel	58,400	58,400	- -
03 Transportation of things	8,350	8,350	- -
04 Communication services	17,850	19,400	+1,550
05 Rents and utility services ..	12,800	12,800	- -
07 Other contractual services ..	12,900	12,900	- -
08 Supplies and materials	24,200	24,200	- -
09 Equipment	56,620	22,620	-34,000
Grand total obligations	1,090,600	1,042,600	-48,000
Reimbursement for services performed	-156,100	-136,500	
Payments received from Non-federal sources	-222,500	-194,100	
Total available (exclusive of reimbursements)	712,000	712,000	

STATUS OF PROGRAM

Current Activities: The purpose of this item is to provide upon request, for a specified nominal fee, an impartial inspection and grading service for farm products on the basis of U. S. Standards as to class, quality and condition so that:

1. Producer prices will reflect premiums and discounts according to quality of the product.

2. Producers and dealers can move to each market or outlet the grade of product desired.

3. Production of higher quality products will be encouraged resulting in increased farm income.

4. Settlement of disputes among buyers, sellers, carriers and others can be facilitated by use of the inspection certificate.

Most of the work is performed under cooperative agreements with States or private agencies. Inspections are made and certificates issued by inspectors or graders who are either federally employed or federally licensed. Licensees are trained and supervised by federal supervisors. Activities are conducted along five commodity lines:

1. Fruit and vegetable inspectors examine produce at receiving markets and shipping points for commercial, public, and private agencies; special type of service (continuous factory inspection) is rendered at canning plants and at processing plants for frozen, dried, and dehydrated products.

2. Dairy and poultry products are inspected and graded for government agencies or commercial firms at terminal markets, public warehouses, and processing plants.

3. Grain and related products are inspected at terminal markets and in producing areas for hay, rice, beans, peas, seed, and hops. Before the end of the fiscal year 1948, chemical analyses will be started of flaxseed and soybean samples.

4. Meats at packing establishments are identified as to grade by applying official stamp on fresh and frozen meat, cured or manufactured meat, and meat products. Samples of wool will be tested at laboratories beginning late in the 1948 fiscal year.

5. Cottonseed grades are based on a chemical analysis of samples drawn at cottonseed crushing mills.

Revenues: Collections for the service are used to pay a large part of the expenses of the inspection force. The following table reflects the funds which were available to defray the expenses of the Inspection and Grading Service for fiscal years 1943 - 1947.

Source	Fiscal Year 1943	1944	1945	1946	1947
Market Inspection of Farm Products:					
Direct Appropriation	$502,837 1/	$546,679	$547,679	$542,000	$596,000
Reimbursements	149,575	210,050	180,000	243,679	223,436
Trust Funds	3,508,841	6,672,269	7,663,387	7,368,910	6,175,126
Working Funds advanced from Army and Navy 2/	--	224,400	301,700	222,600	--
Total funds available for obligation	4,161,253	7,653,398	8,692,766	8,377,189	6,994,562

1/ Includes for comparability, $9,000 transferred in 1944 from "General Administrative Expenses."

2/ Direct charges.

In addition to earnings used for expenses, a sum equal to about 90% of the obligations under the appropriated funds is deposited annually to the "Miscellaneous Receipts" account of the Treasury. The following table shows the extent to which returns to the Treasury offset obligations under the appropriation.

	Fiscal Year 1943	1944	1945	1946	1947
Return to the Treasury:					
Direct deposits	$287,902	$347,155	$347,962	$361,975	$428,604
Transfers from trust funds	149,145	152,689	152,689	104,000	84,000
Total	437,047	499,844	500,651	465,975	512,604
Obligations under the appropriated funds	494,648	536,051	513,784	535,281	589,290
Percent self-supporting	88	93	97	87	87

Examples of recent progress and trends: During 1947, inspection and grading activities generally on meats, cottonseed, and certain grain and related products returned to a voluntary basis. Generally, the volume of inspection on private requests increased, while the volume of work for federal agencies declined. The volume of inspections and gradings, by commodity groups, performed for the past three years is reflected in the following table:

Commodity Group Farm Products Inspected	Fiscal Year 1945	Fiscal Year 1946	Fiscal Year 1947
			(Partially Estimated)
Fresh Fruits and Vegetables (car or carlot equivalents):			
At receiving markets.....	116,914	113,528	105,000
At shipping points.....	709,146	791,731	853,788
Total carlots.....	826,060	905,259	958,788
Processed Fruits & Vegetables:			
Canned products (cases)...	244,845,451	1/ 103,708,155	82,032,031
Frozen, dried and miscellaneous (lbs.)....	642,350,469	915,047,493	568,203,249
Dairy Products:			
Butter, cheese, dry skim milk, butter spreads and oils (lbs.).....	822,983,825	634,389,754	681,117,496
Evaporated milk (cases)...	14,295,296	11,636,280	8,164,523
Poultry Products:			
Shell eggs (cases).....	12,190,259	10,938,374	12,633,547
Frozen and dried eggs (lbs.):	274,629,767	106,601,238	219,282,135
Poultry (lbs.).....	368,179,350	519,133,038	476,529,357
Grain Products:			
Rice, beans and peas (100 lb. bags).....	37,230,718	25,636,031	44,765,557
Hay (tons).....	301,914	495,493	256,830
Hops (bales).....	245,300	295,742	267,821
Seed inspection and verification (lbs.).....	2/ 38,647,000	2/ 44,420,633	2/71,967,426
Meat and Meat Products:			
Fresh and forzen meats (lb.):	11,570,366,328	11,335,352,267	5,495,744,000
Cured meats (lbs.).....	293,543,985	136,043,873	22,648,000
Manufactured products (lbs.):	460,379,312	428,818,003	104,165,000
Misc. meat products (lbs.):	433,206,253	265,660,416	74,360,000
Hog casings (bundles).....	3,021,383	248,000	--
Cottonseed (samples analyzed.:	157,088	123,357	111,371

1/ Revised

2/ Includes re-verifications as follows: 1945 - 7,436,000; 1946 - 7,854,000; 1947 - 11,720,000

Inspection and Certification of Fresh and Processed Fruits and Vegetables: During 1947 nearly one million cars of fresh fruits and vegetables shipped by rail and motor truck to city markets and raw products delivered to processing plants were inspected and certified by approximately 2,400 Federal-State inspectors licensed under cooperative agreements. An increase of 10,000 carlots of commercial inspections in receiving markets was slightly more than offset by a decrease of inspections for public and private agencies resulting from the continued demobilization of military establishments.

Continuous factory inspection service was performed for 94 companies with 119 plants in 1947, compared with 87 companies with 114 plants in 1946. There are now 104 different processed fruits and vegetables or products packed under continuous inspection.

Grading and Certification of Dairy and Poultry Products: The quantities of frozen and dried eggs inspected increased more than 112 million pounds or nearly double the volume of the preceding fiscal year. Increased requests were received from the industry for the grading of shell eggs throughout the Midwest, particularly in connection with marketing programs developed by hatcheries. Schools were held in each State to train egg graders.

At the request of industry, continuous inspection service was inaugurated in dairy plants, principally cheese. This program is expected to expand as rapidly as technical personnel, trained in processing techniques, etc., can be made available to the plants.

Inspection and Certification of Rice, Hay, Beans, Peas, Seed, Hops, and Miscellaneous Agricultural Commodities: The total units of all products inspected in 1947 exceeded by more than 60 percent the number for the previous year resulting largely from unprecedented volume of rough rice inspected and alfalfa seed verified. About one-half as much hay was inspected in 1947 as in 1946 due principally to the lifting of price regulations on July 1, 1946.

Significant trends by commodities in this group include:

1. Hop Inspection Service now on Permissive Basis: During 1945 and 1946 hops were required to be inspected for seed, leaf, and stem content under provisions of the OPA regulations. During 1947 the hop inspection service had its first trial on a permissive basis. The quantity inspected was 10 percent less than in 1946 but 10 percent more than 1945. The sample divider, a device for obtaining a representative sample of hops, was placed in general use. This resulted in a greater uniformity in the analysis of samples and in the saving of time to laboratory technicians making the analyses.

2. Quantity of Rice Inspected Doubled: Although the quantity of milled rice inspected for grade was the smallest since 1943, the quantity of rough rice was several times that of recent years. Under OPA regulations the price of rough rice in the Southern States was based on a 17 percent moisture content. Approximately 20 million bags were inspected for moisture content.

3. Seed Inspections and Verifications Nearly Double in 1947: The volume of alfalfa seed verified as to origin last year exceeded that of any previous year since the service was inaugurated in 1927, primarily due to the large production. The high price of the seed and the difference in price between seed of northern and southern origin tempted shippers to misrepresent origins. Seed dockage inspection also showed some increase.

4. Soybean and Flax Seed Testing Service to be Available during Latter Part of 1948: Special equipment needed for this service is on order. When it is delivered, laboratories will be established in Minneapolis, Minnesota, and Peoria, Illinois, to test upon the request of producers, soybean and flaxseed samples for oil content, iodine, and other chemical factors effecting the price of these commodities.

Grading and Certification of Meats and Wool: Mandatory meat grading ceased with the abolition of all meat price ceilings on October 15, 1946. The return of the service to a voluntary basis, coupled with a decrease in specification grading due to a reduction in the Government's meat purchasing program, produced drastic reductions in the number of technical personnel (from 702 on July 1, 1946 to 274 on June 30, 1947), the number of grading stations (from 225 to 120) and in the quantity of meat and meat products graded (about 53 percent). The 1948 appropriation provides $70,000 for the establishment of a permissive wool-testing service for producers. This service which involves determining shrinkage on the basis of core samples with checks against shrinkage on the basis of entire lots is expected to be available for the 1948 wool clip.

Inspection of Cottonseed: During the past season the Government cottonseed programs were discontinued and the grading program was performed again on a purely voluntary basis. Certificates were issued evidencing the grade of about 2,784,000 tons of seed - only slightly less than the 2,800,000 tons marketed on the basis of standard grades in 1946.

(k) Marketing Farm Products

Appropriation Act, 1948	$1,000,000
Proposed transfer in 1949 estimates from:	
"Salaries and expenses, Bureau of Agricultural Economics," economic investigations (for transportation research functions formerly performed by BAE)	+11,500
"Salaries and expenses, Marketing Services," freight rates for farm products (to consolidate the present sub-appropriation "Freight rates for Farm Products" with the sub-appropriation "Marketing Farm Products")	+138,000
Total available, 1948	1,149,500
Budget estimate, 1949	1,084,500
Decrease, 1949 (due to final liquidation of food order activities and completion of investigative work in connection with alleged violations)	-65,000

PROJECT STATEMENT

Project	1947	1948 (estimated)	1949 (estimated)	Increase or Decrease
1. Standardization and marketing research on fresh and processed fruits and vegetables	63,267	62,280	62,280	- -
2. Standardization and marketing research on livestock, meats and wool	61,955	64,610	64,610	- -
3. Standardization and marketing research on dairy and poultry products	87,363	97,440	97,440	- -
4. Standardization and marketing research on grain, rice, beans, peas, hay, seeds and hops	119,371	118,975	118,975	- -
5. Standardization and marketing research on cotton and cottonseed	374,333	378,320	378,320	- -
6. Research on transportation	16,200	11,500	11,500	- -
7. Freight rates for farm products	122,586	138,000	138,000	- -
8. Obtaining adequate market, storage, and transportation facilities	90,073	54,010	54,010	- -
9. Food production and marketing assistance, including transfers in 1947 to Sec. 392 and 388 of the Agricultural Adjustment Act of 1938 ($91,000)	1,285,004	224,365	159,365	-65,000 (1)
Unobligated balance	108,634			
Total Available	2,323,786	1,149,500	1,084,500	-65,000

continued on next page

Project	1947	1948 (estimated)	1949 (estimated)
Allotted to:			
Office of Information	$ 49,681	--	--
Bureau of Agricultural Economics	55,800	--	--
Transferred to:			
"Salaries and expenses, Office of Information, Department of Agriculture"	1,019	--	--
"Salaries and expenses, Marketing Sercies", Perishable agricultural commodities, produce agency, and standard container acts	15,000	--	--
Transferred from "Exportation and domestic consumption of agricultural commodities, Department of Agriculture (for Pay Act Costs)	-60,000	--	--
Transfer in 1949 Estimates from:			
"Salaries and expenses, Bureau of Agricultural Economics", economic investigations	-16,200	-11,500	--
"Salaries and expenses, Marketing Services", freight rates for farm products	-122,586	-138,000	--
Total appropriation or estimate	2,251,500	1,000,000	1,084,500

INCREASES OR DECREASES

(1) A decrease of $65,000 under the project "Food production and marketing assistance" due to final liquidation of food order activities.

Authority for food orders expires February 29, 1948, and it is expected that the investigative work in connection with alleged violations of terminated food orders will have been completed by the close of fiscal year 1948.

CHANGES IN LANGUAGE

The estimates include proposed changes in the language of this item as follows (new language underscored, deleted matter enclosed with brackets):

For acquiring and diffusing. . . . . analyses of cotton fiber as provided by the Act of April 7, 1941 (7 U.S.C. 473d), [and for liquidating war food orders and] for carrying out title II of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1291), and for coordinating nutrition services . . . . . .

The first change proposes deletion of the provision for use of this appropriation for liquidation of war food orders and completion of investigations in connection with alleged violations. This work

is expected to be completed by the close of the current fiscal year and, therefore, the continuation of this language is not required.

The second change, investing authority for work formerly done under the sub-appropriation "Freight Rates for Farm Products", is proposed in connection with the transfer in the estimates of this activity to the sub-appropriation "Marketing Farm Products".

ITEMIZATION OF ESTIMATES

APPROPRIATION: Marketing Farm Products

Funds Available for Obligation

ITEM	ESTIMATE, 1948	BUDGET ESTIMATES, 1949	INCREASE OR DECREASE
Appropriation or Estimate.....	1,000,000	1,084,500	+84,500
Reimbursements for services performed...	4,149	4,149	- -
Total Available for obligation.....	1,004,149	1,088,649	+84,500
Comparative transfer from:			
"Salaries and expenses, Bureau of Agricultural Economics, economic investigations".....	11,500	- -	-11,500
"Salaries and expenses, Marketing Services", freight rates for farm products.....	138,000	- -	-138,000
Total obligations (inclusive of reimbursements).....	1,153,649	1,088,649	-65,000

Obligation By Objects

Standard Classifications

01 Personal services.....	1,008,603	953,383	-55,220
02 Travel.....	65,000	60,800	-4,200
03 Transportation of things.....	4,800	4,600	-200
04 Communication services.....	10,550	9,900	-650
05 Rents and utility services.....	9,000	8,400	-600
06 Printing and binding.....	2,100	2,100	- -
07 Other contractual services.....	7,280	6,800	-480
08 Supplies and materials.....	23,179	21,729	-1,450
09 Equipment.....	23,137	20,937	-2,200
Grand total obligations.....	1,153,649	1,088,649	-65,000
Reimbursements for services performed....	4,149	4,149	
Total Available (exclusive of reimbursements).....	1,149,500	1,084,500	

STATUS OF PROGRAM

Current Activities - Under this appropriation, the Department (1) establishes standards for farm products, (2) devises improved distribution methods and techniques, (3) acts to obtain reasonable freight rates for farm products, (4) assists in solution of transportation, storage, and marketing facilities problems, (5) establishes production goals and (6) acts to coordinate and expedite activities of industry and Federal agencies on marketing problems.

Marketing is a major problem of agriculture today. To be efficient, a distribution system must move as large a quantity of products as possible from farm to consumer, and deliver these goods in as good condition as possible with reasonable marketing costs. Changes in general economic conditions, methods of processing, the introduction of new commodities and the appearance of old commodities in new forms, all contribute to making marketing problems continuous and difficult to solve. Standards established under this appropriation have been adopted in every State in the Union. These standards constitute the uniform terminology for trading in most agricultural commodities. They are essential to regulatory activities including the following Federal laws: the Grain Standards Act, the Cotton Futures Act, the Cotton Standards Act, the Commodity Exchange Act, the Tobacco Inspection Act, the Cotton Grade and Staple Statistics Act, the Perishable Agricultural Commodities Act, and the Export Apple and Pear Act.

Activities under this program include:

1. Development and improvement along commodity lines of official quality standards for facilitating marketing transactions, based upon:

   a. Factors affecting desirability or economic value of farm products, such as:

      (1) Readily measurable characteristics such as size, weight, and freedom from defects, and

      (2) Characteristics subject to less precise measurement outside a laboratory, such as color, flavor, body, and tensile strength.

   b. Development of new devises and methods for testing farm products for grade determining factors.

   c. Testing of grades under actual commercial conditions.

2. Demonstrations of grade standards and methods for their application.

3. Developing and recommending along commodity lines adoption of improved marketing methods and practices, based upon studies of:

   a. Trends in methods of assembling at shipping point,

b. Trends in methods of processing, storing, and handling,
c. Practices that move products to consumers quickly, efficiently, and in ways that maintain quality longer.
d. Effects of local and State laws on efficient distribution and movement of farm products across State lines.

4. Assisting in assuring reasonable freight rates and in solution of transportation, storage, and marketing facilities problems for farm products, through:

a. Analysis of transportation and marketing developments to determine whether adjustments should be made in transportation rates pursuant to shifts and changes in the volume of goods, competitive situations, and new systems of marketing.

b. Participation in formal and informal proceedings with the carriers, rate-making bureaus, and regulatory bodies in obtaining reasonable freight rates, rate adjustments, transit arrangements, etc.

c. Research on improvement of transportation to facilitate distribution and consumption and maintenance of quality.

d. Development of basic principles and improvement of yardsticks for determining proper location, construction, and operation of various types of facilities.

e. Collaboration with other Government agencies, private organizations and individuals in developing programs to meet emergency transportation problems and avoid shortages of equipment for moving and storing farm products.

5. Establishing agricultural production needs and guides by periodic and systematic reviews of:

a. Current and projected need for specific commodities.

b. Current and projected supply of commodities.

c. Availability and capacity of productive resources.

6. Coordinating nutrition activities of Federal, State, and local groups in order to direct full resources of nutrition groups toward realization of the full potential of our domestic food market.

Examples of Recent Progress and Trends in Activities:

Development of Grade Standards: This work included developing new standards and revising outmoded standards for the various commodity groups. The volume of activity in the fruit and vegetable group, for example, may be summarized as follows:

	Fresh	Processed
U. S. grade standards in effect	116 for 68 different products	92
New standards issued	3	4
Standards revised	9	7
New standards being developed or revised	20	13

In addition, other significant trends in standardization work included:

1. Shift of emphasis in the dairy field to development of grades and standards for dehydrated milk products.

2. Revisions in standards for milled rice to provide improved quality specifications for lower grade rice.

3. Revision of oat standards to provide a special "medium heavy" grade.

4. Adoption of the United States hay standards by the National Hay Association.

Demonstration Activities: Examples of this activity during the past year included the presentation of fruit and vegetable grading demonstrations in 10 states to 19 groups. A total of 37,684 copies of standards for processed fruit and vegetable products were distributed to farmers, packers, and wholesalers. About 50 livestock grading demonstrations were given at livestock shows, exhibits and sales. There were distributed 164 practical forms of wool and wool top standards, and over 12,000 wedge scales for which $768 in fees were collected.

Other Activities Related to Standardization:

1. Testing Equipment and Developing Standards of Technique: By a series of check tests, fiber testing methods and procedures have been standardized and standard tolerances have been established for parallel tests. About 650 fiber tests and 100 spinning tests were performed during the year for this purpose.

2. Cotton Fiber Testing Service Continues to Expand: During the year 26,385 tests were made on 18,019 samples submitted by cotton breeders and others requesting the service. This represented more than a 50 percent increase in the number of tests compared with 1946. Fees collected from the service totaled $21,767.42 - a 30 percent increase. Recently, manufacturers have increased the use of laboratory tests on length and tensile strength, as well as on properties of cottons produced in one-variety areas to supplement grade and staple length classifications on commercial lots of cotton. These tests have been invaluable in furthering the demand for cotton having desirable fiber properties. For service testing research and in cooperation with other agencies, a total of more than 55,000 fiber tests were performed during the year.

3. Ginning Economics: Three studies utilizing 258 gins in three areas were made to (1) determine differences in quality of ginning

service by gins using varying amounts of equipment, and (2) ascertain comparative costs of ginning in the three areas according to size of gins and nature of equipment. The data collected in these studies are now being analyzed.

4. Cotton Market Outlets: A preliminary mill survey report was completed on qualities of cotton going into various types of cotton products. A more detailed study is underway to determine the quality characteristics of cotton currently used in the manufacture of different categories of cotton fabric. Sampling has been completed at 14 mills, running 19 fabrics of 8 constructions in 4 categories of cotton goods; fiber tests are near completion; spinning tests have been completed on samples from 3 mills.

5. Cottonseed Marketing: Schedules were obtained from 33 gins and 11 oil mills in Tennessee, and 48 gins and 17 mills in the Mississippi Delta area to provide information on cottonseed marketing costs and practices. This information will serve as a basis for perfecting methods to be used in a comprehensive survey during the current year. Special attention was given to developing a short method of grading small lots of cottonseed. Studies were also begun on drying and storing of cottonseed to reduce deterioration from high moisture content. This study will be continued until storage for one year without deterioration is reached.

6. Equipment Testing: Activity to improve mechanical equipment used by licensed grain inspectors and by Federal graders included the following:

(a) 4,500 check tests were made to detect equipment errors.
(b) 325 moisture-testing instruments were checked and recommendations made for corrective action.
(c) 800 sieve units were inspected and approved.
(d) All rice-grading, hop-bean-pea-inspection equipment was tested.
(e) A new type of seed divider for use on coarse grass seeds and thresher-run peas was developed.

7. Hay and Forage Research: Chemical analyses, totaling 658, were made on 94 samples of red clover hay to determine relationship between feeding value of the stems, leaves and heads, the time of cutting, and the grade of hay. Fifty-seven hay samples submitted by five State experiment stations were graded and analyzed for color and plant composition.

Obtaining Reasonable Freight Rates for Farm Products: During 1947 the Department participated in 138 formal cases before the Interstate Commerce Commission and the Maritime Commission. In addition, approximately 95 rate and regulation items were negotiated with the carriers or their agents. Each of the 48 states was affected by at least 32 actions taken during the year.

Estimated savings to producers resulting from rate actions in which the Department participated are tabulated as follows:

Commodity	Estimated Savings F.Y.1946	Estimated Savings F.Y.1947	Estimated Cumulative Savings Since 1939
Grains	$ 1,200,000	$ 1,400,000	$ 8,198,000
Fruits and Vegetables	16,000,000	15,815,000	97,987,000
Fertilizers	46,200,000	53,134,000	212,993,000
Cotton and Wool	7,200,000	7,541,000	50,644,000
Livestock	1,000,000	1,046,000	5,846,000
Meat, Dairy and Poultry Products	800,000	849,000	10,827,000
Export Rates; Terminal & Wharfage Charges; Bridge Arbitraries; & Motor Carriers (all commodities)	58,400,000	39,757,000	232,247,000
General Rate Charges (all commod.)	75,000,000	69,458,000	331,958,000
Total	206,500,000	189,000,000	950,700,000

This work included actions with regard to problems such as the following:

1. Refrigeration Services on Potatoes Originating in the Southeast - Pleading lack of facilities and lack of prior requests for the service, Southeastern railroads proposed a restriction by which the Southeastern potato producers could be prevented from using refrigeration service on their rail shipments. The Department cooperating with shippers and producers brought this to the attention of the Interstate Commerce Commission and after a public hearing the railroads were instructed to remove that restriction from their tariff. This resulted in higher prices being received for Southeastern potatoes and a reduction of transit loss and damage.

2. Increased Rates on Grain, Grain Products, etc. - Upon protest by the Department, the Interstate Commerce Commission suspended for investigation proposed readjustment of rates whereunder the railroads were seeking unwarranted increases (1) in the proportional rates applying between the primary and secondary markets, (2) in rates from country origins to Peoria and St. Louis markets, and (3) in the rates from Western Gateways such as Chicago, Peoria, St. Louis, to most points east of Chicago. The protested rates involved traffic in a wide territory, ranging from the western part of the Midwest grain producing belt to Eastern Trunk Line and New England territory. These proceedings are pending before the Commission for decision. In the meantime considerable savings have been secured for producers and shippers because of the suspension.

3. Minimum Rates on Livestock from the South to Official Territory: By means of a tariff rule, the railroads proposed to hold the higher official territory border point rates as minimum on livestock from the South to the East. This proposal, if made effective, would have increased livestock rates, from heavy producing areas in Kentucky and Tennessee, from 2 to 22 cents per 100 pounds and thereby left these rates grossly out of line with

those from adjoining territories. Following the appearance of Department representatives before the Interstate Commerce Commission Board of Suspension, the rule was suspended and later withdrawn.

4. Motor Carrier Rates: For the first time, funds were available in 1947 for action on motor freight rates, and the Department participated in 7 cases involving proposed increases in rates on all commodities. In these cases the Department took the position that (1) motor carriers operating under regulations should not be allowed to increase their rates without a definite showing of a need therefor: (2) increases should not be granted without hearings; and (3) increases granted railroads should not automatically be extended to motor carriers. Demonstrable savings from these activities in 1947 amounted to $35,000,000.

5. Time Limit on Cotton Freight Bills: Under normal conditions transit privileges from storage, concentration, etc., are limited to a period of 13 months. World War II prevented the movement of cotton to foreign markets, and the carryover plus the surplus from current production created stocks of approximately 25,000,000 bales. Many of these bales were from previous crops, and combination of rates into and out of storage points would be applicable on any that were more than 12 months old. The Department requested the carriers to extend the time limit each year, which was done voluntarily until it reached an over-all time limit of 48 months in southwestern territory and 40 months in southern territory. The carryover had been reduced by August 1, 1946, to approximately 7,500,000 bales, and the carriers had reduced the time limit to 30 months. Approximately 18 million of the old bales have been moved on one-factor through commodity rates, which represents a freight saving of more than $12,000,000.

Obtaining Adequate Market, Storage, and Transportation Facilities included:

1. Studies and surveys to develop principles and data to reduce inefficiencies and costs in the physical handling of food from the producer to the consumer. These included:

   (a) Development of models to show what are proper market facilities.

   (b) Extensive studies of types of marketing facilities needed for poultry and eggs.

   (c) Studies of equipment and techniques used in handling perishables within the marketing channels to find out the most efficient and practical method or methods of handling produce to reduce handling costs at wholesale levels. A special bulletin is to be published on this subject during the current year.

   (d) Studies are also under way on equipment for processing, repacking, pre-packaging as well as ripening, holding, and

refrigerated rooms, ventilating systems, communications, and electric power and lighting.

2. Programs dealing with shortages of transportation and storage facilities. In the fiscal year 1947 transportation difficulties continued to be very serious. The number of freight cars in use now is at a new low since the war. Serviceable freight cars of all types dwindled from 1,695,545 on May 1, 1943, to 1,651,926 on October 1, 1947. The two most troublesome problems during the past year were those of obtaining (1) sufficient refrigerator cars to move perishables and (2) boxcars to move the record grain crop. The Department made regular monthly forecasts of the quantity of perishables to be moved in refrigerator cars. These forecasts were used by Government and carrier agencies to distribute as effectively as possible the car supply. Special analyses of the grain storage and transportation situation made currently during the year assisted in the direction of increased supplies of empty cars from eastern roads to western grain loading lines as required. During the harvest season, weekly reports were obtained from all critical areas which were used to guide the distribution of cars. Other transportation and car supply problems handled included a wide range of commodities, fertilizer and farm supplies. Special action was taken during certain seasons in some areas to alleviate shortages of cold storage warehouse space.

Food Production and Marketing Assistance included:

1. Nutrition Coordination: Activities during the year were directed toward the longer range educational objectives of raising the nutritive level of the people of this country. Currently, more and more initiative for action programs is being encouraged by the State and local nutrition committees and other agencies. To meet the need for providing further leadership in meeting overall group objectives, additional work is being undertaken in such areas as encouraging additional nutrition education programs by food industry groups, and developing the program activities of the Federal Nutrition Planning Committee.

2. Food Order: Liquidation was the trend of food order activity in 1947. On June 30, 1946, fifty-four food orders were still in effect. By July 1, 1947, only four remained. Of these, one (rice) was terminated July 15; one (raw sugar) was discontinued October 8, 1947; and two (food imports, and enforcement of priority and allocations orders or regulations) may be continued in effect until March 1, 1948, the expiration date of the Second Decontrol Act. As of June 30, 121 cases of violations were pending. Three final liquidation audits on the fluid milk order will be completed early in the current year.

3. Production Goals: The establishment of production goals and the administration of a program for the achievement of these goals by the Department may be viewed as an allocation of productive resources to the end that the desired commodities may be produced in quantities appropriately related. The goals program is

designed to aid farmers in producing the right commodities in the right amounts so as to avoid shortages or surpluses. In collaboration with other agencies of the Department assistance was given in developing and establishing production goals for all major and many of the minor crops for the 1947 crop year.

4. Assistance in Securing Materials, Supplies and Equipment: The Department continued in 1947 to furnish assistance to producers and industry in securing needed materials, supplies, and equipment. Some of the major accomplishments in this field were: Farm Machinery--Priority assistance was requested of the former Civilian Production Administration to obtain steel, pig iron, and ir castings for the manufacture of tractors and certain haying and harvesting equipment. Fertilizer--With the elimination of most controls, attention was directed to providing guidance in making equitable distribution of available supplies of fertilizers. Bee-Keepers' Supplies--Following a survey and presentation of minimum lumber requirements of manufacturers of bee supplies, approximately 7-1/2 million board feet of lumber was exempted from restriction orders for a period of nine months beginning October 1, 1946. Non-Housing Construction--Recommendations for approval were made to the Civilian Production Administration and its successor agency with respect to 332 non-housing construction projects having a value of 27 million dollars. Applications for construction of food locker plants, packing plants, fruit and vegetable storage facilities, grain storage, and dairy processing plants predominated. In addition, 195 firms in agricultural enterprises requested assistance in obtaining equipment and component parts. Feed Molasses--An acute shortage of supplies of all types of feed in certain areas required larger supplies of molasses for livestock feeding. Negotiations resulted in an increase in the 65 percent quota of feed molasses and the distribution of limited supplies over and above regular quotas to relieve areas of more acute shortage. Veterans' Housing--The program of reviewing and acting on veterans' applications to construct farm dwellings and service buildings was terminated on December 23, 1946. During the 8 months the program was in operation nearly 88,000 applications were reviewed and over 150 million dollars worth of construction was authorized. Containers and Packaging Materials--Although many controls over these materials were removed, container problems were still numerous. Some of the actions taken by the Department included (a) restricting the export of new and used burlap bags to aid the importation of Cuban sugar and needed agricultural supplies from Northern Mexico, (b) securing 3 million used bags for Maine seed potatoes, (c) securing an increase in the Cuban quota of raw sugar bags from India, (d) obtaining from the Government of India 5,900 tons of cotton bale covering in addition to the established quota, and (e) urging the issuance of a directive to textile mills to produce and deliver, from July 1 to September 30, 15 million yards of 8 to 10 ounce duck for the manufacture of cotton pick sacks.

5. Fat Salvage: The fat salvage program was continued throughout the fiscal year 1947 due to the need for supplementing available supplies of inedible fats and oils for industrial uses. Approximately 112 million pounds of waste fats were collected from homemakers during the year. Fat salvage work under this appropriation was discontinued June 30, 1947.

6. Wage Stabilization: Regulations to stabilize farm wage rates were in effect during the year until November 9, 1946, when Executive Order 9801 was issued terminating all wage and salary controls in the United States issued pursuant to the Stabilization Act of 1942. This program was liquidated by December 31, 1946.

(1) Tobacco Acts

Appropriation Act, 1948	$1,552,000
Budget Estimate, 1949	1,552,000
Change, 1949	- -

PROJECT STATEMENT

Project	1947	1948 Estimate	1949 Estimate
Tobacco Acts	$1,299,668	$1,552,000	$1,552,000
Unobligated balance	44,332	- -	- -
Total available for obligation	1,344,000	1,552,000	1,552,000
Transferred from "Exportation and domestic consumption of agricultural commodities" (for Pay Act costs)	-125,000	- -	- -
Total appropriation or estimate	1,219,000	1,552,000	1,552,000

ITEMIZATION OF ESTIMATES

Funds Available for Obligation

Item	Estimate, 1948	Budget Estimates, 1949
Appropriation or estimate	1,552,000	1,552,000
Payments received from Non-federal sources	20,000	20,000
Total obligations (inclusive of reimbursements)	1,572,000	1,572,000
Obligation by Objects:		
Standard Classification		
01 Personal services	1,370,079	1,370,079
02 Travel	140,700	140,700
03 Transportation of things	1,275	1,275
04 Communication services	14,700	14,700
05 Rents and utility services	13,045	13,045
07 Other contractual services	5,975	5,975
08 Supplies and Materials	18,726	18,726
09 Equipment	7,500	7,500
Grand total obligations	1,572,000	1,572,000
Reimbursements for services performed	20,000	20,000
Total available (exclusive of reimbursements	1,552,000	1,552,000

STATUS OF PROGRAM

Current Activities: The purpose of the Tobacco Acts is to assure tobacco growers a fair price for their product by providing:

1. inspection services (grading tobacco)
2. market news
3. demonstration and training programs for producers
4. standardized grades for tobacco
5. tobacco inventory and statistics reports
6. export permits.

About 700,000 farm families producing approximately 95 percent of all tobacco depend upon auction markets in nearby communities for the marketing of their tobacco. The sales proceed at a rapid pace of 360 to 500 piles or lots per hour. An individual grower's crop of tobacco is sold in a few minutes. Independently operated markets with individual sets of buyers are not conducive to uniform prices for identical grades. The buyers, skilled in their trade, bid for tobacco at the lowest possible price, which in many instances is not a fair value of the product. Except for the fact that there now is market information on current tobacco prices in markets and inspection to determine grades, the producers would have little knowledge of whether or not the bids for their tobacco represented a fair price.

Current Activities under the Acts include:

1. Federal activities at auction markets: Federal inspection and market news services are provided at the auction markets in the following manner (an auction market is designated by the Secretary of Agriculture for mandatory inspection service after approval by two-thirds of those voting in a referendum of growers who sell their tobacco at the market):

   (a) Shortly before the sales begin at auction markets (which vary in size up to nine acres in floor area), current price and market news reports are made available to producers on warehouse floors. (Also current price information is made available through the facilities of the press and radio and established mailing lists.)

   (b) Immediately before the sales begin, Federal inspectors examine each pile or basket of tobacco and designate the grade of each according to group, quality, color and size. A ticket indicating grade is placed on each pile or basket.

   (c) As the sale begins, a set of buyers follows the auctioneer to each pile or lot of tobacco. The advance distribution of market information enables the producer to compare bids with the prevailing market price and withdraw his tobacco for resale the following day if the bids are unreasonably low. A check of rejections and resales conducted in the past showed increased returns to farmers varying from 21 to 36 percent over the original bid.

2. Demonstration and training program: An educational program, designed to assist the producer on the farm in preparing his crop for market, includes demonstrations at farms and schools, exhibits at county fairs and farm conventions, and bulletins on the preparation of tobacco for market. Through this program the producer is:

(a) informed of the grade standards applicable to his crop.

(b) taught how to obtain the best grades by sorting the tobacco leaves into groups with like characteristics. (The care with which tobacco is prepared for market is reflected in higher prices to the farmer.)

(c) instructed in applying market news reports to the price bid for his tobacco.

School demonstrations, given in cooperation with teachers of vocational education in rural high schools, include:

(a) instruction in and study of typical grade samples.

(b) supplying suitable literature for reference purposes.

(c) special demonstrations for returned veterans who are engaged in producing tobacco.

Even though the producers are now receiving technical training under Federal supervision in the preparation of their tobacco for market, there is yet much educational work to be done before the tobacco sorted on the farm will command the highest grades at the market. Many technical considerations are required in the grading of the 14 types of tobacco which are sold at public auction markets. These 14 types are further classified by 80 grades. Quality is dependent upon several physical characteristics of tobacco. The producers generally do not understand the details attached to the proper sorting of tobacco leaves by like characteristics such as group, quality, color and size. Without Federal demonstrations and educational programs, the producers are generally not aware of the improved methods in the stripping and sorting operations of tobacco when taken from curing racks, nor are all the producers skilled in sorting leaves and bundles and arranging them in baskets to utilize the attraction of better display at auction markets. Speculators at auction markets buy tobacco which has been improperly graded for market at prices below the market value. After skillfully rearranging and resorting the tobacco leaves and bundles, the speculators resell their lots and reap profits up to 100 percent and more of the purchase price. In the fiscal year 1947, about 8 percent, or 172,026,586 pounds, of all tobacco sold at auction represented purchases by speculative interests for resales at higher prices, which amounted to millions of dollars in losses to producers.

3. Establishment of standards in grading of tobacco benefit both producers and tobacco trade:

(a) buyers representing tobacco companies establish comparisons of the quality in Federal grades to the quality they want to buy and for which they are willing to pay higher prices.

(b) producers have the incentive to increase the quality of their tobacco when they see that better grades command higher prices.

Examples of Progress and Volume of Activity:

1. Inspection service: Mandatory inspection service has increased from 20 markets in 1937 to 147 markets in the fiscal year 1947. The volume and scope of the inspection work is reflected by:

(a) inspection of 99 percent of all tobacco sold at auctions in 1947 as compared with 15 percent in 1937.

(b) a 1,200-percent increase from 1937 to 1947 in the number of pounds of tobacco inspected (from 168,762,000 pounds to 2,273,189,000 pounds).

(c) increasing number of markets and sets of buyers, as indicated in the following table:

	Fiscal Year 1946 (1945 crop year)	Fiscal Year 1947 (1946 crop year)	Fiscal Year 1948 (1947 crop year) 1/	Fiscal Year 1949 (1948 crop year) 1/
No. of markets inspected	117	147	154	157
No. of sets of buyers 2/	160	206	223	231
Tobacco inspected at auction markets (1,000,000 lbs.)	1,685	2,273	2,190	3/
Percent of total auction sales	83.5	93.2	100	100

1/ Estimated.

2/ A set of tobacco graders is required for each set of buyers.

3/ Not available.

(d) the inspection of tobacco by class, fiscal year 1947:

Classes of Tobacco	Auction Markets: Total	Auction Markets: Designated	1946 Crop Year (Fiscal Year 1947) Inspected Markets: Number of Markets	Inspected Markets: Number of Sales 1/	Gross Auction Sales: Total (1,000 lbs.)	Gross Auction Sales: Inspected (1,000 lbs.)	Gross Auction Sales: Percentage Inspected
Flue-cured	2/ 79	78	79	129	1,485,084	1,485,084	100
Fire-cured	12	12	3/ 11	15	103,419	103,419	100
Burley	48	48	48	56	635,464	635,464	100
Dark air-cured	9	9	9	6	49,222	49,222	100
Southern Maryland	4/ 4	-	-	-	17,707	-	-
Total	152	5/ 147	147	206	6/ 2,290,896	6/ 2,273,189	99.2

1/ A sale covers the marketing season. For each sale there is a set of buyers and a set of graders.

2/ One market was not designated; 1946-47 was the first season of operation.

Inspected on reimbursement basis.

3/ One of the designated markets did not operate in 1947.

4/ Maryland markets not designated and not officially inspected. Limited inspection maintained for price reporting service only.

5/ Six of the 147 markets sell two types of tobacco and are listed twice.

6/ Includes 172,026,586 pounds of resales.

2. Market news service on tobacco: The following table indicates that the total distribution of market news in 1947 increased 75 percent over 1946 and in 1946 the increase was 14 percent over 1945. The distribution of 1,089,317 copies of reports to producers at markets was made on 815 auction floors which were located at 147 marketing centers and included 14 tobacco types in 12 states. With the increase in the number of auction markets in 1948 and 1949, a proportionate increase in the total distribution of marketing data is anticipated.

	Fiscal Year 1945	Fiscal Year 1946	Fiscal Year 1947
Reports prepared:			
Press and Radio	505	525	584
Other (daily, weekly, seasonal, special)	522	592	769
Total	1,027	1,117	1,353
Distribution of copies:			
On tobacco markets	546,529	607,916	1,089,317
Other (press and radio, mailing lists, demonstration and education)	117,846	152,179	242,638
Total	664,375	760,095	1,331,955

3. Demonstration and training program: The extent and volume of work for the past four years is indicated in the following table:

Type of Activity	Fiscal Year 1944		Fiscal Year 1945		Fiscal Year 1946		Fiscal Year 1947	
	Number	Attendance	Number	Attendance	Number	Attendance	Number	Attendance
Farm demonstrations	1,258	15,588	1,582	19,009	1,354	16,689	1,061	16,371
Farmers meetings	277	6,981	276	7,517	1,084	8,323	278	4,933
School demonstrations	610	21,686	758	27,878	996	31,212	1,153	37,495
Farm visits and other contacts	-	8,583	-	8,155	-	3,006	-	1,903
Exhibits at county fairs and farm conventions	-	-	5	792	1	750	-	-
Training courses at agricultural colleges	-	-	-	-	1	40	3	713
Training courses for inspectors	6	121	6	117	5	111	6	114
Grading tests held in field	7	31	5	22	7	38	3	40
Publications distributed	50,000	-	59,275	-	58,125	-	61,500	-

4. Inventory and statistics reports: A tobacco stock report is published quarterly to provide an inventory of the classes and types of tobacco held by manufacturers and dealers in the United States and Puerto Rico. An annual report provides a compilation of tobacco statistics for the crop year.

5. Export permits: Forty-two certificates were issued, in the fiscal year 1947, for the exportation of tobacco seeds for experimental purposes only.

Revenues, Fiscal Year 1947: Fees of $7,053 were collected for inspection services made available upon request at markets not designated by the Secretary for mandatory inspection. (The Tobacco Inspection Act, approved August 23, 1935, specifically provides that no fees shall be charged for inspection of tobacco at designated auction markets.)

(m) Cotton Statistics, Classing, Standards, and Futures Acts

Appropriation Act, 1948	$1,399,000
Budget estimate, 1949	1,399,000
Change, 1949	- -

PROJECT STATEMENT

Project	1947	1948 (estimated)	1949 (estimated)
1. Grade and staple estimates of the carry-over and the crop	$ 346,332	$ 263,854	$ 263,854
2. Classification and information for groups organized for quality improvement	414,791	479,956	479,956
3. Administration of the Cotton Standards and Cotton Futures Acts	607,242	655,190	655,190
Unobligated balance	28,835	- -	- -
Total available	1,397,200	1,399,000	1,399,000
Transferred to "Salaries and expenses, Office of Information"	+1,800	- -	- -
Transferred from "Exportation and Domestic consumption of agricultural commodities, Department of Agriculture" (for Pay Act costs)	-125,000	- -	- -
Total appropriation or estimate	1,274,000	1,399,000	1,399,000

ITEMIZATION OF ESTIMATES

APPROPRIATION: Cotton Statistics, Classing, Standards and Futures Acts

Funds Available for Obligation

Item	Estimate, 1948	Budget Estimates, 1949	Increase(+) or Decrease(-)
Appropriation or Estimate	1,399,000	1,399,000	- -
Reimbursements for Services Performed	4,800	4,800	- -
Total obligations (inclusive of reimbursements)	1,403,800	1,403,800	- -
Obligation by Objects			
Standard Classification			
01 Personal services	1,135,471	1,110,471	-25,000
02 Travel	46,500	58,375	+11,875
03 Transportation of Things	45,100	45,100	- -
04 Communication services	17,900	17,900	- -
05 Rents and utility services ..	73,600	73,600	- -
07 Other contractual services ..	12,800	12,800	- -
08 Supplies and Materials	60,819	73,944	+13,125
09 Equipment	11,610	11,610	- -
Grand total obligations	1,403,800	1,403,800	- -
Reimbursements for services performed	4,800	4,800	
Total available (exclusive of reimbursements)	1,399,000	1,399,000	

STATUS OF PROGRAM

Current Activities: The Cotton Statistics, Classing, Standards, and Futures Acts promote the improvement of cotton and safeguard the interests of cotton farmers, ginners, merchants, mills, and ultimate consumers of cotton through:

1. quality standardization
2. classification and grading
3. market news
4. quality and price reports
5. related activities.

Activities under the Cotton Acts include:

1. Preparation of quality reports annually on carry-over, and periodically on current crop supply to provide:

   (a) information to farmers concerning those qualities which may be grown and marketed to best advantage.
   (b) a basis for adjusting production to needs, especially those types best suited to the requirements of manufacturers and consumers.

2. Furnishing classification services and market news to farmers (Smith-Doxey Amendment), enabling them to bargain advantageously and obtain full premiums for improved quality, which include:

   (a) classification of cotton produced by members of groups organized to promote improvement in the quality of cotton.
   (b) current market news on supplies, demand and prices.

3. Administration of the Cotton Standards and Cotton Futures Acts, which includes:

   (a) preparation and distribution of official standards used for measuring quality wherever American cotton and linters are sold.
   (b) licensing and supervision of licensed classers of spot cotton and linters.
   (c) providing classing service to cotton farmers, manufacturers, and merchants who submit samples for classification.
   (d) classing of all cotton intended for delivery in settlement of futures contracts, to provide assurance to purchasers of futures contracts that cotton delivered will be of tenderable qualities and that no deliveries will be made at over-valuation.
   (e) supervising of commercial differences used in settlement of futures contracts by working closely with the 10 spot cotton exchange quotations committees who are responsible for accurate quotations for more than 200 different qualities, scrutinizing quotations and making necessary corrections.

Examples of Progress and Volume of Program Activity:

1. Volume of classing: Government employees classed 4,226,705 bales of cotton, or nearly 50 percent of the total 1946-1947 crop. Details on cotton classification activity are set forth in Table I.

2. Growth in use of classification and market news: The demand by farmers for the classification and market news service under the Smith-Doxey Amendment is attested by its growth since the work was inaugurated in 1939, as reflected below:

Fiscal Year	Season Beginning August 1	Members	Samples Classed	Percentage of Crop Classified
1939	1938	18,589	83,592	.8
1940	1939	64,399	265,090	2.3
1941	1940	128,216	1,530,764	12.4
1942	1941	278,782	2,520,083	24.0
1943	1942	281,100	3,567,095	28.7
1944	1943	281,493	3,350,622	30.1
1945	1944	318,700	4,037,000	34.1
1946	1945	342,900	2,905,437	32.8
1947	1946	343,704	2,580,273	30.2
1948	1947 (Est.)	350,000	3,500,000	30.5
1949	1948 (Est.)	360,000	4,000,000	

3. Report on Revenues: Revenues earned in classing cotton and cotton linters during the fiscal year 1947, which indicate that the work under this appropriation was approximately 57 percent self-supporting, are set forth in the following table:

Revenues, Fiscal Year 1947

	Collections
Cotton Standards Act:	
Classing of cotton	$311,053.03
Classing of cotton linters	537.41
Cotton classing license fees	1,530.00
Cotton linters classing license fees	380.00
Sale of copies of cotton standards	28,854.50
Sale of copies of cotton linters standards	610.00
Cotton Futures Act:	
Classing of cotton	25,174.60
Total collections deposited to Miscellaneous Receipts of the Treasury	$368,139.54

	Value
Value of Samples Accumulated for Sale as Government Property (estimated on basis of current price, less baling and handling costs). Proceeds will be deposited to Miscellaneous Receipts Account of the Treasury.	
Cotton Samples	$377,145.64
Linters samples	303.57
Net estimated value of samples	377,449.21
Total revenue earned	$745,588.75

TABLE I

Statement of Cotton Classifications Made by Federal Employees and by Licensed Classers (Federally Supervised) for Fiscal Years 1944-1949

	Number of Classifications Made					
	Fiscal Year 1944	Fiscal Year 1945	Fiscal Year 1946	Fiscal Year 1947	Fiscal Year 1948 (Est.)	Fiscal Year 1949 (Est.)
Classifications by Federal Employees						
Grade and Staple Statistics Act	516,264	430,301	306,458	382,570	400,000	500,000
Smith-Doxey (Amendment) Act	3,350,622	4,069,117	2,905,437	2,580,273	3,800,000	4,000,000
Cotton Standards Act:						
Public Classing Service	337,181	528,624	409,904	209,807	350,000	350,000
Classing for Federal Agencies, CCC Programs	1,719,998	2,778,942	1,845,835	811,439	1,200,000	800,000
Lend-Lease Program	321,041	193,220	-	-	-	-
Federal Penitentiary Textile Mills	13,105	14,957	15,932	16,691	15,000	16,000
Cotton Futures Act	26,053	89,017	111,142	225,925	200,000	125,000
Total classification by Federal employees	6,284,264	8,104,178	5,594,708	4,226,705	5,965,000	5,791,000
Classifications by Licensed Classers (Supervised by Federal Classers)						
Cotton Standards Act (Figures include bale classifications and samples classed in sorting cotton into lots by grade and staple length)	8,863,216	11,085,619	5,720,810	6,474,555	6,000,000	6,209,000
Total Classifications	15,14[illegible]80	19,189,797	11,315,518	[illegible],701,260	11,965,000	12,000,000

(n) Marketing Regulatory Acts

Appropriation Act, 1948	$ - -
Proposed transfer in 1949 estimates from:	
"Salaries and expenses, marketing services" -	
Perishable Agricultural Commodities, Produce Agency, and Standard Container Acts	+294,000
United States Grain Standards Act	+1,128,000
United States Warehouse Act	+585,000
Federal Seed Act	+152,250
Packers and Stockyards Act	+528,000
Naval Stores Act	+41,000
Insecticide Act	+368,500
(to consolidate certain marketing service subappropriations)	
Total available, 1948	3,096,750
Budget estimate, 1949	3,178,350
Increase, 1949	+81,600

Note.--It is proposed to consolidate under this new item seven of the present Marketing Services subappropriations in order to place in a single appropriation item funds for the administration and enforcement of all Marketing Services laws classified as regulatory.

SUMMARY OF INCREASES AND DECREASES

To carry out the provisions of the Federal Insecticide, Fungicide, and Rodenticide Act of June 25, 1947 (Public Law 104)	+125,000
To eliminate a non-recurring item provided in 1948 for replacement of worn-out equipment under the United States Grain Standards Act	-41,600
To eliminate a non-recurring item provided in 1948 for replacement of automobiles under the Naval Stores Act	-1,800

PROJECT STATEMENT

Project	1947	1948 (estimated)	1949 (estimated)	Increase or decrease
1. Perishable Agricultural Commodities, Produce Agency, and Standard Container Acts	249,102	294,000	294,000	- -
2. Packers and Stockyards Act	505,896	528,000	528,000	- -
3. Insecticide Act	289,638	368,500	493,500	+125,000(1)
4. Federal Seed Act	152,250	152,250	152,250	- -
5. United States Grain Standards Act	1,047,164	1,128,000	1,086,400	-41,600(2)
6. Naval Stores Act	37,023	41,000	39,200	-1,800(3)
7. United States Warehouse Act	625,464	585,000	585,000	- -
Total available	2,906,537	3,096,750	3,178,350	+81,600

(continued on next page)

Project	1947	1948 (estimated)	1949 (estimated)
Transfer in 1949 estimates from:			
"Salaries and expenses, marketing services" -			
Perishable Agricultural Commodities, Produce Agency, and Standard Container Acts.....	-249,102	-294,000	-
United States Grain Standards Act.....	-1,047,164	-1,128,000	-
United States Warehouse Act....	-625,464	-585,000	
Federal Seed Act.....	-152,250	-152,250	-
Packers and Stockyards Act.....	-505,896	-528,000	-
Naval Stores Act.....	-37,023	-41,000	-
Insecticide Act.....	-289,638	-368,500	-
Total Appropriation or estimate...	-	-	3,178,350

INCREASES OR DECREASES

(1) An increase of $125,000 in 1949 to effectively carry out the provisions of the Insecticide, Fungicide, and Rodenticide Act of 1947.

Objective: To prevent the manufacture, sale or transportation in interstate or foreign commerce of adulterated or misbranded rodenticides, herbicides and devices to control pests through the development of new testing methods and more effective enforcement operations.

The Problem: The Act requires (1) registration with the Secretary of Agriculture of all economic poisons, (2) labelling of herbicides, rodenticides and devices for the control of pests so as to give adequate instruction for their safest and most effective use, (3) POISON labelling of economic poisons highly toxic to humans and appropriate warnings concerning the hazards of such materials, (4) coloring or discoloring of certain specified powdered poisons as an additional safeguard against their being mistaken for food products. These requirements were not contained in the Insecticide Act of 1910.

Immense damage to food supply - Approximately 200,000,000 bushels of stored grain are destroyed annually by rats alone. Other rodents destroy additional large quantities of grain and other foodstuffs. Weeds reduce the food production of American agriculture immeasurably. The present condition of world food shortages emphasizes the great need for more adequate pest control. Rodenticides, herbicides and various mechanical devices offer the means for such control. Yet use of such means is not without danger. Economic poisons used without adequate knowledge of their contents and effects can result in personal injury and serious damage to crops and livestock. Other products may be ineffective, yet their application may give the users a false sense of security and so lead to even further damage. The problem of controlling

these pests, thus not only enhancing the financial position of the American farmer but preventing waste of food, is too important to allow haphazard marketing of these products.

Plan of Work: The following table reflects the plan of work in terms of units of work and man-years required, and the estimated cost of carrying out the various phases of the enforcement of this Act.

Federal Insecticide, Fungicide and Rodenticide Act

Plan of Work by Work Units, Man-Years and Estimated Cost

Function	Estimated Number of units	Average units per man-year	Estimated Man-Years	Estimated average cost per man-year	Estimated Cost
	Total Fiscal Year 1948				
Registration of Economic Poisons	25,000	600	41.0	$4,660	$191,100
Reviewing labels for insecticide and fungicide products	1,500	600	2.5	5,440	13,600
Enforcement operations	1,300	43	29.6	4,855	143,700
Developing methods of test	1/	1/	4.0	5,025	20,100
Totals			77.1	4,780	368,500
	Total Fiscal Year 1949				
Registration of Economic Poisons	12,000	620	19.3	4,202	81,100
Reviewing labels for insecticide and fungicide products	- -	- -	- -	- -	- -
Enforcement operations	3,000	43	69.1	4,767	329,400
Developing methods of test	1/	1/	18.2	4,560	83,000
Totals			106.6	4,630	493,500
	Change - Fiscal Year 1949				
Registration of Economic Poisons	-13,000		-21.7	5,070	-110,000
Reviewing labels for insecticide and fungicide products	-1,500		- 2.5	5,440	-13,600
Enforcement operations	+1,700		+39.5	4,700	+185,700
Developing methods of test	1/	1/	+14.2	4,430	+62,900
Totals			+29.5	4,237	+125,000

1/ Quantitative counts of this work are not available.

Registration of Economic Poisons by June 25, 1948, is mandatory under the law. After that date only new poisons and old poisons made under revised formulas will need to be registered. About 12,000 registrations are expected in 1949 compared with 25,000 items in 1948. The label review function performed in 1948 under the Insecticide Act of 1910 is consolidated in the registration process in 1949.

Effective Enforcement Operations, based on experience, must include:

(1) collection of samples of the products in the regular markets.
(2) testing of the samples collected (chemical analysis and when necessary actual field tests),
(3) checking to determine whether instructions are adequate and claims are true, and
(4) informal correction of minor violations and preparation of basic material for formal action in the case of serious violations.

Enforcement activities in 1948 are drastically curtailed due to the necessity of shifting personnel from this activity to the work of registering economic poisons. During the period 1944-47 an average of approximately 16,000 economic poisons were on the market, and an average of 2,050 samples were collected and tested per year. There are now approximately 25,000 economic poisons on the market that are subject to the provisions of the new Act. A minimum of 3,000 samples of these poisons should be collected annually and properly tested and checked if the Department is to fulfill its obligations under the Act.

Development of New Testing Methods must be emphasized immediately if the registration and enforcement provisions of the new law are to be carried out. At present there are no adequate, generally accepted tests for herbicides and the currently used tests for rodenticides are inadequate. New methods of tests for insecticides and fungicides, which are positive in furnishing the basis for court action and which are faster to apply, are needed. New methods for testing disinfectants must be developed because of the recent introduction of new types of disinfectants which cannot be tested satisfactorily under present methods. In developing these tests full advantage will be taken of data available from experiments carried on by other bureaus of the Department, State Agricultural Colleges, manufacturers of economic poisons, and others working in this field. All work will be aimed toward finding new testing methods that give accurate results and are less expensive than present methods.

(2) A decrease of $41,600 under the project "United States Grain Standards Act" to eliminate a non-recurring item provided in 1948 for replacement of equipment.

(3) A decrease of $1,800 under the project "Naval Stores Act" to eliminate a non-recurring item provided in 1948 for the replacement of automobiles.

CHANGES IN LANGUAGE

The estimates include proposed changes in language as follows (new language underscored, deleted matter enclosed with brackets).

Marketing Regulatory Acts: For expenses necessary to carry into effect the provisions of the Perishable Agricultural Commodities Act, as amended (7 U.S.C. 499a-499r), the Act to prevent the destruction or dumping of farm produce (7U.S.C.491-497), the Act to provide standards for baskets and containers for fruits and vegetables, as amended (15 U.S.C. 251-256), the Act to fix standards for hampers, round stave baskets, and splint baskets for fruits and vegetables (15 U.S.C. 257-257i), the Act to provide export standards for apples and pears (7 U.S.C. 581-589), the United States Grain Standards Act (7 U.S.C. 71-87), the United States Warehouse Act (7 U.S.C. 241-273), the Federal Seed Act (7 U.S.C. 1551-1610), the Packers and Stockyards Act, as amended (7 U.S.C. 181-229), the Naval Stores Act (7 U.S.C.91-99), and the Federal Insecticide, Fungicide, and Rodenticide Act of June 25, 1947 (Public Law 104), $3,178,350.

[Perishable Agricultural Commodities, Produce Agency, and Standard Container Acts: To carry into effect the provisions of the Perishable Agricultural Commodities Act, approved June 10, 1930, as amended (7 U.S.C. 499a-499r), and the Act to prevent the destruction or dumping of farm produce, approved March 3, 1927 (7 U.S.C. 491-497), the Standard Baskets Act, approved August 31, 1916, as amended (15 U.S.C. 251-256), and the Act to fix standards for hampers, round stave baskets, and splint baskets for fruit and vegetables, approved May 21, 1928 (15 U. S. C. 257-257i), $294,000.]

[United States Grain Standards Act: To carry into effect the provisions of the United States Grain Standards Act, $1,128,000.]

[United States Warehouse Act: To carry into effect the provisions of the United States Warehouse Act, $585,000.]

[Federal Seed Act: To carry into effect the provisions of the Act to regulate interstate and foreign commerce in seeds; to require labeling and to prevent misrepresentation of seeds in inter-state commerce, and to require certain standards with respect to certain imported seeds, approved August 9, 1939, as amended (7 U.S.C. 1561-1610), $152,500: Provided, That not to exceed $250 of this amount may be used for meeting the share of the United States in the expenses of the International Seed Testing Congress.]

[Packers and Stockyards Act: To carry out the provisions of the Packers and Stockyards Act, approved August 15, 1921, as amended by the Act of August 14, 1935 (7 U.S.C. 181-229), $528,000.]

[Naval Stores Act: To carry into effect the provisions of the Naval Stores Act of March 3, 1923 (7 U.S.C. 91-99), $41,000.]

[Insecticide Act: To carry into effect the provisions of the Act of April 26, 1910 (7 U.S.C. 121-134), for preventing the manufacture, sale, or transportation of adulterated or misbranded paris greens, lead arsenates, other insecticides, and also fungicides, and for regulating traffic therein, $293,500.]

[Insecticide Act: For an additional amount for "Marketing services, Insecticide Act", $75,000, to be merged with the appropriation under this head in the Department of Agriculture Appropriation Act, 1948, such total funds to be available for carrying out the purposes of the Act of April 26, 1910 (7 U.S.C. 121-134), and the Act of June 25, 1947 (Public Law 104), of which not to exceed $4,000 may be used for construction of buildings, and the limitation on personal services in the District of Columbia under "Marketing services" is hereby increased by $22,500.]

These changes in language, proposing a new appropriation item "Marketing Regulatory Acts", and deleting the language of seven of the present Marketing Services subappropriations which are included therein, are in accordance with the proposed change in the appropriation structure to place under one appropriation item funds for the administration and enforcement of the marketing regulatory laws. Each of the present seven subappropriations are set up as a separate project under the new appropriation item. This consolidation will in no way affect the scope or method of handling the work under the various regulatory acts.

ITEMIZATION OF ESTIMATES

Appropriation: Marketing Regulatory Acts

Funds Available for Obligation

Item	Estimate 1948	Budget Estimates, 1949	Increase (+) or decrease (-)
Appropriation or estimate	--	3,178,350	+3,178,350
Comparative transfers from:			
"Salaries and expenses, Marketing Services:"			
Perishable Agricultural Commodities, Produce Agency, and Standard Container Acts	294,000	--	-294,000
U. S. Grain Standards Act	1,128,000	--	-1,128,000
U. S. Warehouse Act	585,000	--	-585,000
Federal Seed Act	152,950	--	-152,950
Packers and Stockyards Act	528,000	--	-528,000
Naval Stores Act	41,000	--	-41,000
Insecticide Act	368,500	--	-368,500
Reimbursements for services performed	--	700	+700
Total obligations (inclusive of reimbursements)	3,097,450	3,179,050	+81,600

Obligations by Objects

Standard Classification			
01 Personal services	2,624,664	2,746,787	+122,123
02 Travel	189,480	194,780	+5,300
03 Transportation of things	10,365	11,365	+1,000
04 Communication services	27,145	27,645	+ 500
05 Rents and utility services	45,330	49,130	+3,800
07 Other contractual services	39,889	41,764	+1,875
08 Supplies and materials	45,217	48,569	+3,352
09 Equipment	111,360	59,010	-52,350
10 Lands and structures	4,000	--	-4,000
Grand total obligations	3,097,450	3,179,050	+81,600
Reimbursements for services performed	--	700	
Total available (exclusive of reimbursements)	3,097,450	3,178,350	--

STATUS OF PROGRAM

Current Activities

This appropriation provides for the administration of eleven marketing regulatory laws designed to protect agricultural producers and others from loss or personal injury resulting from deceptive, fraudulent and careless marketing practices.

Current activities and the problems to be solved vary in their details for each Act, yet the method of administration of each follows the same general pattern and includes two or more of the following:

1. Licensing or registration.
2. Supervision of operations of licensees to assure compliance with the Acts.
3. Collection and testing of samples.
4. Development of standards.
5. Settlement of disputes.
6. Handling of violations.
7. Collection of fees and charges.

Assessments of fees and charges authorized by the regulatory laws are reflected by the following table:

Regulatory Law	Source of Revenue	How Amount of Fee is Determined	Earnings in 1947
Perishable Agricultural commodities Act	Annual license fee required from all commission merchants, dealers or brokers of perishable agricultural commodities in interstate or foreign commerce, also arrearages in certain instances	$10 annual licensee fee fixed by law.	255,102
United States Grain Standards Act	(a)Appeal inspections if grade remains unchanged (b)Sale as Government property of samples of grain collected	(a)Amount fixed administratively: $2 per car, $1 per 1,000 bushels or $1 per sample. (b)Current price of grain	$65,715
Naval Stores Act	(a)Grading, classifying, sampling and analyzing naval stores (b)Rental of rosin standards.	(a)Amount fixed administratively; varies according to item, location and quantity. (b) $4 per year plus security deposit of $100	$5,389

Regulatory Law	Source of Revenue	How Amount of Fee is Determined	Earnings in 1947
United States Warehouse Act	(a) Fee for each warehouseman's license.	(a) Amounts fixed administratively: $10	$14,188
	(b) Fee for each inspector, weigher, sampler and grader:	(b) $3	
	(c) Fee for initial inspection and inspection when there is an increase in capacity.	(c) Based on capacity	
		Total	$340,394

Trends in activity and workload are in part reflections of changing conditions and needs. Factors affecting activities during fiscal year 1947 and the current year include:

1. The movement of larger quantities of fresh fruits and vegetables into regular marketing channels which have brought more, and frequently less responsible, dealers into the business, and increased complaints of fraudulent and careless marketing practices.

2. The marketing of an unprecedented number of new brands and mixtures of insecticides and fungicides, and the inclusion of new ingredients in old products.

3. A tremendous expansion in the volume of imported vegetable seeds.

4. A record grain crop and huge grain export movement, resulting in increased grain grading and demand for licensing of grain warehouses.

Project I - Perishable Agricultural Commodities, Produce Agency, Export Apple and Pear, and Standard Container Acts

Purpose: To protect producers, distributors, consumers and others from unfair practices in the marketing of fruit and vegetables; and to establish standards for fresh fruit and vegetable containers.

Licensing Activity Surpasses Expectations: During the war years licensing activity under the Perishable Agricultural Commodities Act leveled off, as many small dealers and itinerant truckers subject to license transferred to other occupations. Although increased post-war activity was anticipated as restrictions were lifted on gasoline, tires, and trucks, and men returned from the armed forces and war industries, the steady increase in the volume of work during fiscal year 1947 far exceeded expectations. The vast development in frozen foods and the increased consumption of fresh fruits and vegetables, which is expected to continue, has further expanded licensing activities. The number of new licenses issued increased from 5,586 in 1946

to 6,937 in 1947, an increase of 24.2 percent. The following table shows the volume of licensing activity for fiscal years 1946 - 1948:

	Fiscal Year 1946	Fiscal Year 1947	Fiscal Year 1948(Est.)
Number of licenses renewed	16,540	16,753	17,400
Number of new licenses issued	5,586	6,937	7,600
Number of licenses terminated	4,427	5,383	6,290
Total license actions taken	26,553	29,073	31,290
Licenses in effect at end of year	22,136	23,690	25,000

Complaints Increase: The unprecedented number of new licenses was accompanied by a corresponding increase in complaints. Increased difficulty in processing complaint cases resulted from the high percentage of itinerant dealers among the new truckers in the business. Further, increased competition for sales adds incentive for many dealers to engage in unfair practices. Complaints received during the 1947 fiscal year increased 12.3 percent over 1946, as reflected in the following table:

Status of Complaints Work	Fiscal Year 1946	Fiscal Year 1947	Fiscal Year 1948(Est.)
Complaints on hand at beginning of fiscal year	506	546	714
Complaints received	2,019	2,267	2,500
Total complaints to be handled	2,525	2,813	3,214
Formal decisions rendered	76	104	200
Informal amicable settlements	916	894	900
Complaints otherwise closed	987	1,101	1,300
Complaints cases pending at end of fiscal year	546	714	814

Reparation Actions: If the return to the producers in reparations were used as a measurement of the value of Federal funds invested, it would show a 425-percent return for each dollar spent in 1947:

Reparations awarded in formal orders	$155,804
Payments made under amicable settlements	904,133
Total monetary settlements	1,059,937
Federal funds (obligations)	249,102
Percent of return to taxpayer compared with Federal funds obligated under this item	425 %

Revenues Exceed Expenses: During the fiscal year 1947 as in all previous years since passage of the Perishable Agricultural Commodities Act, more revenue from fees collected was returned to the Treasury than was obligated for the administration of this item. The following table compares obligations under the appropriation with collections for the period 1944-48:

Fiscal Year	Total Obligations	Collections
1944	$185,728	$212,266
1945	194,267	234,911
1946	205,899	237,516
1947	249,102	255,102
1948(Est.)	294,000	315,000

The Produce Agency Act cases are limited to: (1) those involving consignment transactions in fruits and vegetables which occurred more than 9 months prior to the filing of complaints, (2) complaints of such a flagrant nature as to warrant criminal action, and (3) complaints involving other perishable farm produce, including dairy and poultry products, which do not come within the scope of the Perishable Agricultural Commodities Act. Twenty-one cases were handled during the 1947 fiscal year as compared with eight in 1946.

Exports of Apples and Pears were discontinued during the war. Since the end of the war publicity has been given to requirements of the Act through trade papers and correspondence with exporters and carriers. Only two complaints of apparent violations were received during 1947. These were not serious and were settled with warnings against further violations.

Standard Container Acts activities increased during the fiscal year 1947 as conditions in the basket and hamper industry practically returned to normal. Due to limited funds, there were no tests made in the field, yet the number of samples of berry boxes, tills, climax baskets, hampers, round stave baskets, and market baskets tested exceeded by 136 percent the number of tests made in fiscal year 1946, as reflected by the following table:

Year	Number of Laboratory Tests						
	Items Listed by Mfr.	Items Tested	Samples of Each Item	Items Found satisfactory	Items Requiring Correction	Items Corrected	Specifications Approved
1946	1,065	146	633	101	45	16	8
1947	1,065	281	1,493	204	77	35	16

Project 2 - Packers and Stockyards Act

Purpose: To assure the furnishing of reasonable stockyard and selling services to producers at fair rates and the elimination of unfair trade practices at public livestock markets.

Posting, Registration, and Licensing: The number of yards, dealers, etc. subject to the provisions of this Act as of June 30, 1944-48, is reflected in the following table:

	1944	1945	1946	1947	1948(Est.)
Number of yards posted 1/	202	196	193	201	225
Marketing agencies registered	1,907	1,972	2,018	2,042	2,067
Dealers registered	2,553	2,506	2,690	2,610	2,810
Packers under supervision	1,301	1,332	1,340	1,871	2,100
Poultry dealers licensed	1,574	1,538	1,549	1,497	1,497

1/ Approximately 400 additional yards are eligible to be posted.

Supervision and Enforcement Activities:

Supervisory forces are maintained full time at 17 principal livestock markets to observe day-to-day operations, investigate complaints of shipper patrons, prevent the use of deceptive or discriminatory practices by the trade, and to assure the furnishing of adequate services and facilities; 185 smaller yards were visited periodically for the same purpose.

248 trade practice and financial audits were made of the books and records of those subject to the Act. These audits disclosed numerous trade practice violations, the misuse of shippers' proceeds funds, and the overcharging of feed and commission charges by several commission firms. These overcharges totaling in excess of $45,000 were required to be refunded to producers.

Stockyard and packer scale testings totaled 2,042 in the fiscal year 1947. In 314 instances scales in use were found inaccurate and their use prohibited until correction was made.

Petitions and requests for increases in yardage or commission charges were analyzed and unreasonable charges prohibited. Such action saved producers approximately $38,000 on an annual basis.

Formal proceedings, as reflected in the following table, were taken to correct serious violations:

Fiscal Year	Cases Pending: First of Year	New Cases	Hearings: Reopened	Total	Cases Disposed of	Cases Pending End of Year
1944	49	80	10	139	82	57
1945	57	71	13	141	95	46
1946	46	24 1/	20	90	67	23
1947	23	62	38	123	66	57
1948(Est.)	57	60	30	147	82	85

1/ In addition to the 24 new cases, 60 stipulations and 57 modification cases were handled.
Through informal settlements many additional unfair practices were eliminated.

Project 3 - Insecticide, Fungicide, and Rodenticide Act

Purpose: To prevent the adulteration, mislabeling, and inadequate labeling of insecticides, herbicides, fungicides, and rodenticides, in order to safeguard farmers and other users from injury to crops, livestock, or themselves, and from loss through the use of ineffective products. These activities include:

Chemical analyses to determine contents of economic poisons and to determine the desirable and undesirable properties of new products.

Laboratory and Field tests to supplement chemical analyses as necessary, when properties cannot be definitely established without actual application of the poisons and observation of the results. For some products tests must be repeated several times using various proportions of the product in mixtures and under conditions that are likely to prevail when used by producers and others. For example, extensive field tests were made in orchards and on vegetable crops in Oregon and New Jersey to determine the properties of new organic fungicides of the Carbamate group. These tests have been valuable in determining the compounds that are safe and effective in combating such fungi as apple cedar rust, potato and tomato blights, peach brown rot, etc.

Developing new methods of analysis and testing as necessary since the action of some new products is so entirely different from that of the old that new methods must be devised and old methods revised before products containing the new products can be properly evaluated. More efficient methods were developed to detect chlordane in insecticidal sprays and to test aerosol bombs and certain DDT compounds.

Label reviews and registration, which by correction of labeling before use guards against faulty formulas and false claims for economic poisons.

Enforcement activities based largely on the collection and testing of samples of economic poisons moving in interstate commerce. During the 1947 fiscal year 2,355 samples were collected, of which 635, or 27 percent, failed to comply with the Act. Of these violations, 229 were minor and corrected informally and 406 were

serious enough to warrant legal action. The following table reflects enforcement activities for the fiscal years 1944-1949:

	1944	1945	1946	1947	1948*	1949*
Products on the market	15,000	15,000	16,500	18,000	25,000	25,000
Registrations					25,000	12,000
Labels reviewed		1,200	6,000	6,400	1,500	
Official Samples						
Collected:						
New Products	441	509	544	977	500	1,200
Old Products	1,565	1,428	1,362	1,378	800	1,800
Total	2,006	1,937	1,906	2,355	1,300	3,000
Violations (misbrand-						
ed and/or adulter-						
ated products)	401	430	417	635	300	700
Action Taken on						
Violations:						
Citations	336	363	284	357	180	350
Seizures	14	16	13	49	19	35
Prosecutions	38	27	26	19	10	20

* Estimated

Project 4 - Federal Seed Act

Purpose: To protect farmers and other users of seed by requiring complete and accurate labeling of all agricultural and vegetable seeds shipped in interstate commerce and by preventing importation of inferior agricultural and vegetable seeds.

The anticipated post-war increase in volume of work under the Federal Seed Act has become a reality. The activities of all functions increased 50 percent in 1947 over 1946 with indications that this rising trend will continue.

Importations Increasing: The number of lots of seeds imported increased 56 percent during fiscal year 1947 over that of fiscal year 1946. One lot out of every 13 offered for import during 1947 did not pass inspection initially. After cleaning, however, nearly 80 percent of the rejected lots were released. Although the volume of seed offered for importation in 1947 was approximately the same as in 1946, the quality and condition of seed was below that for previous years. The following table reflects the volume of activity in connection with the importations of agricultural and vegetable seed from 1943 through 1947 with estimated importations for 1948.

Importations of Seed, Fiscal Years 1943 - 1948

Fiscal Year	Kinds of Seed	Pounds of Seed	Lots Offered for Importation	Released after Cleaning, etc.	Rejections after Cleaning, etc.	Total Actions
1943	52	40,404,935	2,551	93	48	2,692
1944	66	66,301,348	2,949	119	31	3,099
1945	69	75,204,957	3,258	352	22	3,632
1946	83	70,485,426	3,448	264	24	3,736
1947	101	69,126,084	5,399	310	82	5,791
1948(Est.)	105	72,000,000	6,000	400	100	6,500

Interstate Violations Backlogging: All States are now cooperating with the Department on inspections of seed in interstate commerce. Complaints of interstate violations received during 1947 increased 127 percent over the previous year. The Department has been unable to keep pace with the increased volume of reported violations, with the result that the backlog of cases pending investigation at the end of 1947 increased 240 percent above the number pending at the end of 1946. Similarly, the number of completed investigations pending final action increased 86 percent. The status, volume and disposition of complaints reported are shown in the following table:

Action on Complaints of Interstate Violations

	Fiscal Year				
	1944	1945	1946	1947	1948(Est.)
Complaints:					
Complaints received during year	*	*	456	1037	1100
Investigations completed	503	274	527	835	786
Pending investigation at end of year	*	155	84	286	600
Actions on Completed Investigations:					
Seizures recommended	19	4	9	4	5
Cited for hearing	109	59	79	94	90
Warnings issued	299	170	381	539	500
Advised that action is not warranted	164	58	96	160	150
Criminal actions recommended	56	59	44	61	55
Criminal actions terminated in court	25	14	9	16	*
Seizures terminated in court	24	8	3	6	*
Court actions pending at end of year	18	8	17	19	*
Completed investigations pending action at end of year	104	98	78	145	200

* Not available

Seed Testing: Increased import and interstate activities during 1947 resulted in approximately a 50-percent increase over 1946 in the volume of seed testing work.

Number of Samples Tested, Fiscal Years 1943 - 1948

Fiscal Year	Import	Interstate	Check Tests	Variety	Research	Miscel.	Total
1943	2,782	3,215	446	9	896	3,048	9,500
1944	3,751	2,079	246	464	--	3,173	10,109
1945	4,451	3,650	155	1,346	1,646	1,627	12,875
1946	3,614	5,057	74	2,127	695	1,130	12,697
1947	5,475	8,603	115	2,121	1,546	1,021	18,881
1948(Est.)	6,000	8,500	150	1,500	1,000	1,000	18,150 1/

1/ In addition, it is estimatedthat requests for tests of approximately 2,000 seed samples (1,000 for variety tests, 1,000 for tests of seeds in interstate commerce) will be received in 1948 which cannot be handled.

Greater Stability in Variety Nomenclature Begun: One of the greatest obstacles to improvement of the labeling of seed as to variety is a lack of agreement on the characteristics and the recognized names of different varieties because there is no established and known source for such information. In an effort to improve this situation, four committees have been established to develop a list of recognized names and descriptions of varieties for four specific seeds. Experts on specific crops from State agricultural experiment stations, the American Seed Trade Association, and the Department are represented on the committees.

Research Concentrated on Dormancy and Germination: Recent research has been concentrated on current problems of dormancy and germination of seeds. Through changes in methods and procedures, satisfactory analyses were obtained in shorter periods. Technical papers based on this research were submitted for publication in the Proceedings of the ssociation of Official Seed Analysts which recently adopted 13 changes in seed testing based on intermittent research conducted in the last two years.

Project 5 - United States Grain Standards Act

Purpose: To assure farmers and other handlers a fair evaluation of the quality of their grain to the end that they may market it to the best advantage.

Supervision Coverage: Sixty-two percent (4,097,624,000 bushels) of the record 6,563,000,000-bushel grain crop was inspected by licensed inspectors during fiscal year 1947. This work was accomplished through 2,117,641 inspections performed by 438 licensed inspectors located at 139 established inspection points and 88 additional designated points. Federal grain inspection supervisors also inspected 186,947 of these lots, or 8.8 percent. Approximately one-fourth of the inspections made by Federal supervisors were in connection with appeals filed by interested parties who were dissatisfied with the grade assigned by the licensed inspectors.

Summary of Grain Inspections

Fiscal Year	Total Production (Thousand bushels)	Quantity Inspected (Thousand bushels)	Percent of Total Production Inspected	Number of Lots Inspected	Lots Inspected by Federal Supervisors	% of Lots Inspected by Federal Supervisors
1944	5,406,594	3,236,875	59.9	1,996,464	177,007	8.9
1945	5,863,036	3,647,143	62.2	1,945,638	173,669	8.9
1946	6,303,540	4,133,866	65.6	2,063,823	162,733	7.9
1947	6,563,000	4,097,624	62.4	2,117,641	186,947	8.8

The distribution of inspections by commodities for the past two years is as follows:

Kind of Grain	Number of Inspections 1946	Number of Inspections 1947 *	Total Federal Inspections 1946	Total Federal Inspections 1947 *
Wheat	1,092,592	928,077	82,589	81,138
Corn	371,778	612,961	31,670	58,705
Oats	209,048	182,156	18,506	17,378
Rye	27,358	13,071	3,536	1,309
Barley	140,230	132,813	12,225	11,778
Grain Sorghums	60,846	70,472	2,964	4,300
Flaxseed	30,292	39,296	3,901	2,243
Soybeans	122,766	132,189	6,677	9,535
Mixed Grain	8,913	6,606	665	561
Total	2,063,823	2,117,641	162,733	186,947

* Subject to adjustment.

Appeal Service: The number of appeals from parties dissatisfied with grades issued by the licensed grain inspectors decreased 12 percent (see following table) during the fiscal year.

Fiscal Year	Number of Appeals-All Grains	Percent of Original Inspections Appealed	Percent Appealed to Board	Percent of Appeals Sustained	Appeal Fees Deposited in Misc. Recs. of Treasury
1944	48,417	2.4	1.4	56.6	$57,437
1945	59,024	3.0	1.1	61.9	78,480
1946	53,128	2.6	0.8	55.2	67,762
1947	46,640	2.1	0.9	57.2	59,437

Project 6 - Naval Stores Act

Purpose: To prohibit the sale of adulterated, misbranded or misgraded turpentine and rosin, and the use of fraudulent practices in the sale of these naval stores.

Inspection Service: A revised form of inspection was introduced in 1947 to provide inspection facilities for the central distillation plants to meet the shift during recent years in the processing of naval stores from small individual fire stills to central plants. The plan provides for Government licensing of experienced employees in an eligible plant with authority to act as its official inspector of naval stores,

under the direct supervision of a Federal inspector. This plan, operating on a fee basis, is designed to make inspection services available to all processors. Eighteen plants (approximately 60% of current processing capacity) are now using this form of licensed inspection. The fees include $10.00 for an annual permit and a prescribed fee for inspection of naval stores. The money is deposited into the United States Treasury as miscellaneous receipts.

A somewhat similar plan has been placed in effect for firms distributing turpentine. Four turpentine packing firms, representing six plants, have subscribed to contracts with the Government whereby qualified employees are appointed to inspect and certify all turpentine shipped in small containers. The money derived from this service is deposited into a trust fund for payment of administrative costs on a reimbursable basis.

The volume of inspection activity for the past four years is reflected in the following table:

Inspection Activities	1944	1945	1946	1947
Drums of rosin inspected and certified	239,456	164,994	114,214	167,845
Bags of rosin inspected and certified	--	--	--	25,894
Tank cars of rosin inspected and certified	--	--	--	33
Rosin inspection certificates issued	10,875	6,625	3,462	2,865
Drums of turpentine inspected and certified	2,561	9,300	2,247	747
Tank cars of turpentine inspected and certified	--	--	--	65
Gallons of turpentine in small containers inspected and certified	--	--	--	52,935
Samples of turpentine and rosin tested and analyzed on request in the Washington laboratory	92	99	11	8

Development of Standards: Forty-four standardized definitions of naval stores products were prepared during fiscal year 1947 for publication in the yearbook of the American Society of Testing Materials. Type-samples, suitable for use in grading the 13 grades of rosin, were perfected with the aid of individuals and the American Turpentine Farmers Association for sale by the Association to interested persons and governments throughout the world.

Development of Testing Techniques: Accomplishments in 1947 included development of methods for analysis of dipentene and pine oil and for determination of water in liquid naval stores such as turpentine.

Revenue: Collections during the fiscal year 1947 of $5,389 deposited to the Miscellaneous Receipts Account of the Treasury included $5,105 collected in inspection fees and 284 in deposits from the loan of 75 sets of rosin standards.

Regulatory Activities: Samples of naval stores products offered for sale are collected and analyzed for adulteration and mislabeling. The number of samples collected in 1947 increased 14 percent over 1946. The number of violations found among the samples analyzed increased 100 percent as shown in the following table:

	1945	1946	1947
Samples collected and analyzed	174	213	261
Firms represented	39	52	66
Samples involving violations	19	30	60
Citations for court action	-	-	2
Firms receiving informal notification or warning	11	19	22

Project 7 - United States Warehouse Act

Purpose: To assure farmers and other depositors safe storage for their products at reasonable rates and to protect the integrity of warehouse receipts as a universally accepted source of credit at low interest rates.

Licensing Activities: About four billion dollars' worth of farm products moved through licensed warehouses during 1947. The cost of Federal warehouse supervision was 13-1/2 cents per thousand dollars worth of products stored. A total of 506 new licenses were issued in 1947 to samplers, inspectors, weighers and graders, and 541 were cancelled, leaving 3,358 in effect June 30, 1947

The following table shows, by commodities, the licensed warehouse capacity at the close of fiscal years 1945, 1946, and 1947.

Commodity	Unit	Licensed Capacity as of June 30		
		1945	1946	1947
Cotton	Bales	10,590,086	10,573,753	10,393,813
Grain	Bushels	258,148,154	271,202,154	280,358,601
Wool	Pounds	120,577,054	132,031,000	80,828,000
Tobacco	Pounds	100,740,000	74,940,000	75,518,500
Nuts	Tons	6,600	6,600	6,583
Broomcorn	Bales	28,450	24,750	23,950
Beans	Cwt.	1,551,550	1,551,550	1,487,450
Sirup	Gallons	592,640	682,640	682,640
Cold Pack Fruit	Pounds	6,313,950	6,313,950	4,189,500
Canned Foods	Cases	4,113,900	4,064,900	4,657,900
Seed	Cwt.	207,187	201,187	201,187
Cherries in Brine	Pounds	7,235,000	7,235,000	7,235,000

Inspection Activities: During the fiscal year an average of three inspections were made of licensed warehouses. The minimum standard of four inspections per year was not met because of lack of manpower. The following table summarizes this activity for the past three years.

	1945	1946	1947
Number of licensed warehouses ..	1,330	1,338	1,300
Number of inspections made	4,590	4,400	3,900
Average number per warehouse ...	3.45	3.28	3.00

The supervision of warehouses after they are licensed accounts for 85 percent of work under the Act. Each inspection determines, as a minimum, whether:

1. The warehouse is in proper physical condition for safe storage.
2. Proper precautions are taken to guard against deterioration of products in storage.
3. Warehouse receipts are issued by a person having proper authority.
4. All products represented by outstanding receipts are actually there.
5. Actual grade and weight of all products correspond with representation on receipts.
6. Adequate insurance and surety bond in the proper amount are on file.
7. Financial condition of warehouseman is satisfactory.
8. The Act and regulations are observed.
9. That personnel such as superintendents, inspectors, graders and weighers are competent and trustworthy.
10. That all equipment is in good working order.

Supreme Court Decision Affecting Act: During the year the Act received its first thorough test before the United States Supreme Court. That body, on May 5, 1947, handed down a decision, by a 7-to-2 vote, holding that the Secretary of Agriculture has exclusive jurisdiction over all licensees with respect to all subjects covered by the Act, including control over rates and charges, prohibition of discrimination among depositors in warehouses with respect to both rates and services, and operations of the warehousemen generally. With the extent of coverage of warehouse activities under the Warehouse Act definitely settled by this decision, there has been a significant increase in the number of applications from warehousemen for licenses, especially in the grain field. This demand continues into the winter months which is most unusual. Every week finds grains warehousemen planning in groups to apply for licenses under the U. S. Warehouse Act this coming year. This applies both in country points and at terminal and sub-terminal markets.

(o) Freight Rates for Farm Products

The 1949 budget estimates propose the transfer in the estimates of this item to the subappropriation "Marketing Farm Products." Therefore, the work formerly reported under the heading "Freight Rates for Farm Products" is now included under ( ) Marketing Farm Products.

CHANGE IN LANGUAGE

The estimates include a proposed elimination of the language of this item as follows (deleted matter enclosed with brackets):

> [Freight rates for farm products: To carry out the provisions of section 201(a) to 201(d), inclusive, of title II of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1291), $138,000.]

This change, deleting the language of the present subappropriation "Freight Rates for Farm Products," is proposed in connection with the transfer in the estimates of this activity to the subappropriation "Marketing Farm Products."

(p) SUPPLY AND DISTRIBUTION OF FARM LABOR
Department of Agriculture

This Budget schedule covers obligations incurred from appropriations made on a calendar year basis to provide an adequate supply of agricultural labor for the production, harvesting and preparation for markets of agricultural commodities. The schedule also covers estimated obligations to be incurred in liquidating the emergency farm labor program.

The emergency farm labor recruitment and placement phases of the program within the Department of Agriculture expired December 31, 1947. All workers must be returned to their native lands by January 30, 1948.

Liquidation of the administrative phase of the program, such as the settlement of numerous obligations, the final reconciliation and closing of fiscal accounts, completion of compliance records, the disposal of workers' claims for lost baggage or unpaid wages, the payment of medical bills for sick and injured workers, and other items of similar nature, will continue until June 30, 1948. Funds for this administrative liquidation are limited to $258,500 by the "Second Deficiency Appropriation Act, 1947" approved May 26, 1947 (Public Law 76).

Public Law 298, 80th Congress, approved July 31, 1947, provides that the liquidation and disposal of all the farm labor supply centers, labor homes, labor camps, or facilities, and any equipment pertaining thereto or used in the farm labor supply program must be completed by June 30, 1949. Unobligated balances of appropriated farm labor supply funds and $500,000 of the receipts derived from the sale of such camps and facilities are made available until expended for the purpose of disposing of such facilities. An attempt is being made to complete liquidation of camps and facilities concurrently with liquidation of the administrative phases of the program. However, it is possible that due to failure to complete an arrangement with States interested in taking over camps it may be necessary to continue camp liquidation into the fiscal year 1949. The extent to which available funds may be needed for the additional period is impossible to forecast at the present time, and no accounts therefor have been shown in the budget schedules for 1949.

STATEMENT OF OBLIGATIONS UNDER SUPPLEMENTAL FUNDS

Item	Obligations 1947	Estimated obligations 1948	Estimated obligations 1949
Quartermaster Service, Army (Transfer to Agriculture), (Production and Marketing Administration):			
Transfer from War Department for inspection of hay and supervision of Army hay inspectors	$7,008	$7,139	- -
Research and Marketing Act of 1946, Department of Agriculture (Allotment to Production and Marketing Administration):			
(Title I, sec. 10a): Utilization research	- -	25,000	- -
(Title I, sec. 10b): Research other than utilization research	- -	64,550	- -
(Title II): Marketing research and service	- -	1,169,000	- -
Total, Research and Marketing Act of 1946	- -	1,258,550	a/
Special Research Fund, Department of Agriculture (Allotment to Production and Marketing Administration): Special researches in marketing farm products	18,383	17,000	17,000
Working Funds, Agriculture (Production and Marketing Administration) Advances from:			
Department of the Navy:			
Inspection and grading of farm products	121,703	- -	- -
Department of the Army:			
Inspection of processed fruits and vegetables	186,192	181,000	10,660
Inspection of miscellaneous grains and cereal products	26,667	25,000	25,000
Indexing and preparation of aerial photographs for mosaics and charting purposes	59,621	64,097	- -
Preparation of photographs reproduction for central film library	106	- -	- -
Total Department of Army	272,586	270,097	35,660

a/ Allotments under this appropriation for the fiscal year 1949 have not been determined.

STATEMENT OF OBLIGATIONS UNDER SUPPLEMENTAL FUNDS, CONTINUED

Item	Obligations 1947	Estimated obligations 1948	Estimated obligations 1949
Office of Price Administration:			
Grading and certification of farm products	1,367	- -	- -
Bureau of Census: Work in connection with planning and developing a method of producing sample agricultural data in connection with program of reconversion statistics	5,711	110	- -
Preparation of copies of aerial photographs and other services in connection with the same sample census of population	- -	17,696	- -
Total, Bureau of Census	5,711	17,806	- -
Federal Works Agency: For the payment of special per-diem allowance to employees and their dependents in connection with recentralization of activities transferred to:			
(1) Columbus, Ohio (Public Buildings Administration)	1,170	- -	- -
(2) New York, N.Y. (Public Buildings Administration)	810	- -	- -
Total Federal Works Agency	1,980	- -	- -
Total Working Funds	403,347	287,903	35,660
TRUST FUNDS:			
Moisture Content and Grade Determinations for Commodity Credit Corporation: Expenses of inspecting, sampling, grading, sealing, testing, and other work incident to storing agricultural commodities and making loans thereon under the commodity loan program	1,911,645	2,006,561	2,006,561
Indemnity Fund, County Associations: Assessments derived from each county agricultural conservation association to insure reimbursement to affected persons or agencies for losses of money or property by negligence or malfeasance by any employee of the association	5	500	500

STATEMENT OF OBLIGATIONS UNDER SUPPLEMENTAL FUNDS, CONTINUED

Item	Obligations 1947	Estimated obligations 1948	Estimated obligations 1949
TRUST FUNDS: Cont.			
Undistributed Cotton Price Adjustment Payments: Deposits by trustees until proper distribution could be made to the persons entitled to share in a farm's payment under the 1935 cotton prices adjustment program	1,189	1,000	1,000
Expenses and Refunds, Inspection and Grading of Farm Products: Inspection and grading of farm products under cooperative agreements	6,416,349	5,231,557	4,360,000
Grading of Agricultural Commodities for Commodity Credit Corporation, Production and Marketing Administration: Classification of cotton	164,202	292,091	376,000
Wool grading	536,904	668,225	600,000
Total	701,106	960,316	976,000
Miscellaneous Contributed Funds, Department of Agriculture (Production and Marketing Administration): Contributions by cooperators for the dissemination of market news in the New England area, and for aerial photography in certain states where payments are made on basis of acreage	8,091	8,300	8,300
Return of Excess Deposits for Reproduction of Photographs, Mosaics, and Maps: For refunds of moneys received for printing reproductions of aerial and other photographs, mosaics, and maps, in excess of making such reproductions	1,802	2,000	2,000

STATEMENT OF OBLIGATIONS UNDER SUPPLEMENTAL FUNDS, CONTINUED

Item	Obligations 1947	Estimated obligations 1948	Estimated obligations 1949
TRUST FUNDS: Cont.			
Unclaimed Moneys of Individuals whose Whereabouts are Known, Agriculture, (Production and Marketing Administration): For refunds of small excess payments (items of less than one dollar)	721	744	644
Total, Trust Funds	9,040,908	8,210,978	7,355,005
Cooperation With the American Republics (Transfer to Agriculture) (Production and Marketing Administration): For developing training program of Production and Marketing Administration activities for the benefit of American Republic trainees	- -	- -	a/ 3,423
Penalty Mail Costs, Department of Agriculture (Allotment to Production and Marketing Administration): For cost of penalty mail pursuant to Section 2, Public Law 364, 78th Congress ..	1,164,645	1,574,610	1,692,700
Assistance to Greece and Turkey, Executive Office of the President (Allotment to Agriculture) Production and Marketing Administration: For purchasing, procuring, and transporting agricultural commodities as required for the American Mission to Greece by Department	- -	1,000,000	- -
Relief Assistance to Countries Devastated by War, Executive Office of the President (Allotment to Agriculture) Production and Marketing Administration: For purchasing, handling, processing, storing, and transporting agricultural and other commodities to peoples of countries devastated by war	- -	195,849,000	- -

a/ Detailed schedule for this item appears in the State Department chapter of the budget.

STATEMENT OF OBLIGATIONS UNDER SUPPLEMENTAL FUNDS, CONTINUED

Item	Obligations 1947	Estimated obligations 1948	Estimated obligations 1949
United Nations Relief and Rehabilitation Administration (Allotment to Agriculture) Production and Marketing Administration:			
For the procurement of agricultural commodities and administrative expenses therefor on the United Nations Relief and Rehabilitation Administration programs in 1947 and administrative expenses for liquidation activities in 1948	170,001,217	968,984	- -
Defense Aid - Liquidation Lend Lease Program (Allotment to Agriculture). (Production and Marketing Administration):			
For administrative expenses in connection with the procurement of agricultural commodities for Lend Lease program and for liquidation of lend-lease activities	1,520,087	- -	- -
Defense Aid, Special Fund (Allotment to Agriculture) (Production and Marketing Administration):			
For liquidation expenses in connection with commodities delivered under lend-lease programs	1,690,949	- -	- -
Salaries and expenses, War Assets Administration, Special Fund, (Allotment to Agriculture) (Food Disposal):			
For administrative expenses in connection with the surplus food and farm products disposal program	661,307	92,080	- -
TOTAL, OBLIGATIONS UNDER SUPPLEMENTAL FUNDS	184,507,851	209,266,244	9,103,788

PASSENGER MOTOR VEHICLES

It is planned to purchase 85 passenger motor vehicles in the fiscal year 1949. Of the 85 acquisitions, two are additional vehicles and 83 are for replacement.

Additions

The 2 additional vehicles are required under the Marketing Regulatory Acts for expanded operations in the enforcement of the recently enacted Federal Insecticide, Fungicide and Rodenticide Act of June 25, 1947 (P.L.104-80th Cong.). These cars will be used by field investigators to collect samples of products suspected of being in violation of the Act, and to obtain the evidence needed as a basis for possible court action in case of violations. Such samples and evidence are obtained by contacting the users, distributors, and related establishments which prepare, store and sell the suspected product.

Replacements

The 83 vehicles for replacement in 1949 is 21% of the cars available to Production and Marketing Administration and will replace 59 vehicles for Marketing Services activities; 19 vehicles for Expenses and Refunds (trust fund activities); and 5 vehicles for Supply Operations.

Experience has shown that operation and maintenance costs increase with age, and after 60,000 miles the vehicles become unreliable and uneconomical to operate. For example, during the fiscal year 1947 the 1942 model group with an accumulated mileage of 51,000 cost 3.38 cents per mile to operate and were driven an average of 12,400 miles each, and the 1937 model group with an accumulated mileage of 84,000 cost 4.22 cents per mile to operate and were driven an average of 5,300 miles.

Of the 83 passenger motor vehicles to be replaced in 1949, 49 will be 8 years old, 34 will be 7 years old. Each of the vehicles replaced will have been driven over 60,000 miles.

PENALTY MAIL ESTIMATE
Section 2, Public Law 364, 78th Congress
(Allotment to Production and Marketing Administration)

	1947	1948	1949	Increase (+) or decrease (-) 1949 over 1948
Category 1	$235,276	$323,230	$347,470	+$24,240
Category 2	929,369	1,251,380	1,345,230	+93,850
Total	1,164,645	1,574,610	1,692,700	+118,090 (1)

(1) The increase of $118,090 is for the purpose of providing the funds with which to meet increased costs to the Post Office Department of handling penalty mail. The Post Office Department has advised that payments into the Treasury for costs of handling penalty mail in 1949 will be at the rate of $20.00 per thousand pieces of mail, an increase of $1.40 per thousand over the rate applicable to 1948 mailings.

- - - - - - - - - - - - - - - -

Category 1 consists of farmers bulletins, market reports, pamphlets, leaflets, informational crop and livestock data, statistical and economic reports on agricultural productions and distribution, purchase and sales reports, and other publications printed or processed. All such publications are mailed only upon specific request.

The market news reports account for approximately 92 percent of the mailings in this category. These reports provide producers, shippers, handlers, processors, and other interested parties with timely accurate and unbiased information on marketings, produce movements, stocks and prices necessary for the orderly marketing of agricultural products.

Category 2 consists of administrative and operational correspondence, including procedures and instructions for the Agricultural Conservation Programs, the Peanut and Tobacco Marketing Quota Programs, Commodity Loan and Purchase Programs, Crop Insurance Program; explanation of conservation practices, the preparation of farm plan worksheets, the computation of allowances for practices carried out, production goals; announcements regarding price support, inventory disposals, and purchase and sales; cotton classification records; and application and agreement forms for the National School Lunch Programs.

Community, County, and State committeemen have direct contact with farmers in carrying out the Agricultural Conservation Programs which include Tobacco and Peanut Marketing Quota Programs, Sugar programs, loan and price support programs of the Production and Marketing Administration in the field. Field offices including Puerto Rico and Hawaii, Community Committees (approximately 35,000), and over 3,000 County Associations must keep farmers informed on all pahses and changes of the various programs. It is estimated that approximately 3½ million farmers will participate in the Agricultural Conservation Programs alone. The volume of mail is necessarily substantial in carrying out

these activities and account for approximately 83 percent of the mailings in this category.

Under the provisions of the Smith-Doxey Act, all members of cotton improvement groups are entitled to free classing service. Cotton samples are drawn and sent to field offices where they are graded and stapled by Federal Classers. This cotton classification information is mailed to each producer on a franked tag. It is estimated that 3,000,000 tags will be mailed in 1949.

While the above activities reflect the principal mailings, the Production and Marketing Administration is responsible for numerous marketing regulatory and related functions involving smaller mailings, the cost of which is included in this estimate.

COMMODITY EXCHANGE AUTHORITY

Appropriation Act, 1948	$530,000
Budget estimate, 1949	530,000
Change for 1949	- -

PROJECT STATEMENT

Project	1947	1948 (estimated)	1949 (estimated)
1. Licensing	$33,298	$36,443	$36,443
2. Supervision of trading	279,557	312,024	312,024
3. Audits	115,200	104,299	104,299
4. Compliance investigations	77,313	77,234	77,234
Unobligated balance	5,632	- -	- -
Total available	511,000	530,000	530,000
Transferred from: "Exportation and domestic consumption of agricultural commodities, Department of Agriculture" (For Pay Act Costs)	16,000	- -	- -
Total appropriation or estimate	495,000	530,000	530,000

ITEMIZATION OF ESTIMATES

Funds Available for Obligation

Item	Estimate, 1948	Budget estimate, 1949	Increase(+) or decrease(-)
Appropriation or estimate	$530,000	$530,000	- -
Total obligations	530,000	530,000	- -
Obligations by Objects			
Standard Classification			
01 Personal services	432,500	439,300	+6,800
02 Travel	14,000	15,000	+1,000
03 Transportation of things	1,280	500	-780
04 Communication services	8,500	8,000	-500
05 Rents and utility services	52,950	51,200	-1,750
07 Other contractual services	10,220	11,000	+780
08 Supplies and materials	6,600	4,000	-2,600
09 Equipment	3,950	1,000	-2,950
Grand total obligations	530,000	530,000	- -

STATUS OF PROGRAM

Current Activities: Supervision of futures trading is a continuing process involving:

1. Market designation and broker registration:
   a. designation of commodity exchanges as contract markets
   b. annual registration of futures commission merchants and floor brokers
   c. constant review of exchange rules and regulations

2. Supervision of futures trading:
   a. compilation, audit, tabulation and review of trade reports and current market analysis
   b. establishment and enforcement of speculative limits
   c. review of market news and letters
   d. maintenance of quotation and ticker service
   e. analysis of cash commodity transactions
   f. cooperative activities with control committees of contract markets
   g. observation of floor trading
   h. compilation and publication of market information

3. Prevention of misuse of customers' funds:
   a. audit and examination of books of futures commission merchants
   b. analysis of brokers' financial statements

4. Investigation and control of trade practices:
   a. investigations of complaints and alleged and apparent violations
   b. special trade practice audits and surveys
   c. investigation of delivery practices
   d. preparation and presentation of evidence of violations in hearings

Examples of Recent Progress:

a. Supervision over:
   Eighteen commodity exchanges operating as "contract markets"
   $33,564,072,000 estimated value of futures trading
   6,720,000 futures transactions

b. Registration of:
   623 futures commission merchants
   642 floor brokers
   $15,304 received for registrations and duplicate certificates

c. Corrective measures taken:
   Speculative limits on cotton reduced
   Grain exchanges requested to increase margins to 33 1/3%
   Additional delivery points for grain recommended to exchanges

d. Publications:
   Daily, weekly, monthly and annual periodic and numerous special reports issued
   Monthly report on cotton futures positions inaugurated
   Report on collapse of cotton prices in 1946 issued

e. Audits:
   457 segregation audits involving 11,362 customers' accounts exceeding $100,000,000 completed

f. Investigations:
   Cotton price collapse in fall of 1946
   Hedging by foreign cotton interests
   Fifty-two investigations completed

g. Convictions, sanctions, etc.:
   Fines totaling $29,000 imposed for manipulation of butter prices
   Sanctions imposed for manipulation of rye market
   Six disciplinary proceedings instituted

Penalty Mail Estimate

Sec. 2, Public Law 364, 78th Congress

(Allotment to Commodity Exchange Authority)

	1947	1948	1949	Increase (+) or decrease (-) 1949 over 1948
Category 1	$312	$875	$940	+$65
Category 2	579	1,625	1,750	+125
Total	891	2,500	2,690	+190 (1)

(1) The increase of $190 for 1949 is for the purpose of providing sufficient funds with which to meet increased costs of the Post Office Department of handling penalty mail. The Post Office Department has advised that payments into the Treasury for costs of handling penalty mail in 1949 will be at the rate of $20 per thousand pieces of mail, an increase of $1.40 per thousand over the 1948 rate applicable to 1948 mailings.

- - - - - - - - - - -

Category 1 consists of the mailing of statistical bulletins and publications (printed and processed) furnished in response to specific requests for information of futures trading on commodity markets.

Category 2 consists of general administrative correspondence between the field stations and Washington office, mailing of forms and regulations to futures commission merchants and floor brokers for registration purposes, and other operational and administrative correspondence.

FARMERS' HOME ADMINISTRATION

Summary of Appropriations, 1948 and Estimates, 1949

Item	Appropriations 1948	Budget estimates 1949	Increase (+) or decrease (-)
Farm tenancy loans	$15,000,000	$15,000,000	- -
Production and subsistence loans	60,000,000	75,000,000	+$15,000,000
Farm tenant mortgage insurance fund	1,000,000	- -	-1,000,000
Salaries and expenses	21,000,000	23,000,000	+2,000,000
Water facilities, arid and semiarid areas	1,750,000	1,750,000	- -
Total appropriation	98,750,000	114,750,000	+16,000,000

(a) Farmers' Home Administration

Appropriation Act, 1948	97,000,000
Budget Estimate, 1949, (appropriation)	113,000,000
Appropriation increase	+16,000,000
Transfer of receipts from the "Farm Tenant-Mortgage Insurance Administrative Fund"	79,600
Increase, total available funds	+16,079,600

SUMMARY OF INCREASES AND DECREASES, 1949

Increase for making 4,800 initial adjustment and 36,000 annual production and subsistence loans to eligible farmers who are unable to obtain satisfactory credit from other sources	+15,000,000
Increase to cover the cost of making, assisting and servicing the additional production and subsistence loans	+1,600,000
For within-grade salary advancements	+400,000
For collecting, assisting and servicing outstanding insured mortgages (By transfer of receipts from "Farm Tenant-Mortgage Insurance Fund"; not an increase in appropriation)	+79,600
Elimination of item contained in the 1948 Act for establishment of the Farm Tenant-Mortgage Insurance Fund	-1,000,000

Note: The Farmers' Home Administration Act of 1946 (Public Law 731, 79th Congress), abolished the Rural Rehabilitation program administered by the Farm Security Administration and the Emergency Crop and Feed Loan program administered by the Farm Credit Administration. Pursuant to this law, the Secretary on August 14, 1946, established the Farmers' Home Administration to carry out the programs authorized under the Act and

to service the assets of the agencies abolished. The former programs are reflected in separate schedules in the 1949 Budget in accordance with the appropriation structure in the 1947 Agricultural Appropriation Act.

The programs authorized by the Farmers' Home Administration Act consist of (1) Tenant Purchase Loans and Farm Tenant Mortgage Insurance - Title I, and (2) Production and Subsistence Loans - Title II. For purposes of comparability, the separate schedules for the appropriations "Loans, grants, and rural rehabilitation," "Farm tenancy," and the "Farmers' crop production and harvesting loans" for the fiscal year 1947 have been consolidated in the following combined project statement.

COMBINED PROJECT STATEMENT

Project	1947	1948 (estimated)	1949 (estimated)	Increase or decrease
Loans:				
1. Farm tenant loans	$45,467,807	$15,000,000	$15,000,000	- -
2. Production and subsistence loans	90,750,838	60,000,000	75,000,000	+15,000,000(1)
Total, loan funds	136,218,645	75,000,000	90,000,000	+15,000,000
Salaries and Expenses				
3. (a) Farm Tenancy (Title I):				
(1) Making loans and insuring mortgages, assisting and servicing initial direct loans and insured mortgages	2,070,335	1,255,012	1,275,892	+20,880
(2) Collecting, assisting, and servicing outstanding direct loans and insured mortgages	6,518,457	3,868,240	4,023,683	+155,443
(b) Production and subsistence (Title II)				
(1) Making loans, assisting and servicing initial loans	5,474,490	3,321,823	4,978,966	+1,657,143

COMBINED PROJECT STATEMENT (Continued)

Project	1947	1948 (estimated)	1949 (estimated)	Increase or decrease
(2) Collecting, assisting, and servicing outstanding loans	$21,259,765	$12,554,925	$12,801,059	+$246,134
Total, Project 3	35,323,047	21,000,000	23,079,600	+2,079,600(2)
4. Grants	42,324	- -	- -	- -
Transfers to Treasury Department (as shown in Budget Schedules)	77,384	- -	- -	- -
Transfers to:				
" "Salaries and Expenses, Farm Credit Administration, Department of Agriculture" from "Farmers' Crop Production and Harvesting Loans" for cost of over all administration of crop loan program which was under supervision of Farm Credit Administration until October 31, 1946	102,015	- -	- -	- -
"Farm Tenant-Mortgage Insurance Fund, Farmers' Home Administration, Department of Agriculture"	- -	1,000,000	- -	-1,000,000(3)
Unobligated balance ..	1,447,107	- -	- -	- -
Total available	173,210,522	97,000,000	113,079,600	+16,079,600
Transfers from:				
"Exportation and domestic consumption of agricultural commodities, Department of Agriculture" for Pay Act Costs).....	-2,395,000	- -	- -	- -
"Farm Tenant-Mortgage Insurance Administrative Fund, Farmers' Home Administration".	- -	- -	-79,600	-79,600
Received by loan from "Reconstruction Finance Corporation":				
Loans, grants, and rural rehabilitation	-69,963,201	- -	- -	- -
Farm tenancy	-45,467,807	- -	- -	- -

Continued on next page

Project	1947	1948 (estimated)	1949 (estimated)	Increase or decrease
Farmers' Crop Production and Harvesting Loans:				
Collections, principal and interest	-16,647,235	- -	- -	- -
1946 Balance available in 1947	-6,933,279	- -	- -	- -
Direct appropriation ...	31,804,000	97,000,000	113,000,000	+16,000,000

INCREASES OR DECREASES

A net increase of $16,079,600 in available funds for 1949 consists of the following:

(1) Increase of $15,000,000 to provide for making 4,800 initial adjustment loans and 36,000 annual loans to eligible farmers who are unable to obtain satisfactory credit from other sources. These additional funds will take care of a portion of the demand for loans which can not be met otherwise.

The demand for production and subsistence loans during the past several years has been well in excess of the number of loans that could be made with appropriations available. Notwithstanding present relatively favorable agricultural prices, loan needs in the fiscal year 1949 are expected to equal that of each of the three previous fiscal years.

This continuing requirement for operating loans this fiscal year and next is understandable. A majority of the farm population has not received high incomes. According to the 1945 census, 51 percent of the Nation's farm operators produced less than $1,500 worth of farm products each. The average for this 51 percent of the farmers was $670. When the value of products used in the home is excluded, the average cash income of this 51 percent of farmers was only $408. They received only 7 percent of the total cash farm income in 1944. A similar situation exists today. Within this and other groups of farmers, there are many who simply cannot get loans on anything like reasonable terms from any source other than the Farmers' Home Administration.

Low-income farmers generally have not only failed to benefit materially from high incomes, but are faced with the highest farm operating costs in history. BAE reports that "Since 1939 farmers' out-of-pocket operating expenses have risen from 9 to 25 percent a year. Total farm operating costs for the country as a whole were nearly 2.5 times greater in 1946 than in 1935-39."

In order to protect the Government's interest and permit borrowers making satisfactory progress to continue their planned operations, it is necessary to reserve $27,000,000 of the $60,000,000 available in 1948 to meet the minimum credit needs of present borrowers. The balance of $33,000,000, sufficient to provide only about 8 initial adjustment and 7 annual loans per agricultural county, will be exhausted in most states before the normal peak lending season is reached. In the 1947 fiscal year with a total of more than $90,000,000 available, funds for new adjustment loans were exhausted in 36 states by January 31, 1947.

The base amount of the appropriation, $60,000,000 for production and subsistence loans will permit the making of approximately 23,660 loans to eligible families for adjustment in their farming operations, 55,835 subsequent loans to present adjustment borrowers to enable them to continue their progress toward financial security, and 20,000 annual loans for production of crops, the growing or purchasing of feed for productive livestock, and the purchase of chattels. This represents a total of 99,495 loans. The increase of $15,000,000 will provide an additional 40,800 loans to new adjustment and annual loan borrowers.

(2) An increase of $2,079,600 consisting of the following:

(a) Increase of $1,600,000 for salaries and expenses to provide for the necessary personnel and other costs of making, assisting and servicing the new loans estimated under the increase for production and subsistence loans.

With the number of county offices reduced from 1,990 in 1947 to 1,555 in 1948 to serve 3,000 agricultural counties in the Continental United States, the territories of Alaska and Hawaii, and Puerto Rico and the Virgin Islands, the size of the area served by most county offices has been increased substantially. Likewise the workload per county supervisor has been increased to 325 in 1948 as compared to 264 in 1947 and 178 in 1942. The recovery of the Government's investment in loans outstanding is dependent to a large extent on the "on the farm" assistance given active borrowers and the actual contacts with those borrowers who are now in the "collection only" status. Therefore, it is essential that adequate provision be made for personnel to make and service the additional loans estimated for 1949. This increase will permit the addition of some urgently needed assistant supervisory and clerical personnel in presently understaffed county offices in areas of heavily concentrated case loads and the opening of some additional county offices in those areas in which minimum services are presently unavailable to many eligible farm families because of the large areas served by some county offices.

(b) Increase of $400,000 to cover a portion of the cost of within-grade salary advancements.

The Mead-Ramspect Act, as amended by the Federal Employees Pay Act of 1945, provides that employees compensated on a per annum basis and

occupying permanent positions, and who had not attained the maximum rate of compensation for the grade in which their positions were allocated, should receive an advance in compensation to the next higher rate within the grade after each 12 months of service for employees in grades below CAF-11 (and comparable grades in other services), and after each 18 months of service for employees in grades CAF-11 and above (and comparable grades in other services).

The gross cost of within-grade salary advancements in 1949, assuming a continuation of present employees in 1949, amounts to $480,590. This cost was determined by obtaining from personnel records the effective date of advancement for each employee within the Administration. The difference of $80,590 over the amount of $400,000 estimated for 1949 will be absorbed through (1) turnover in personnel and resultant filling of vacancies at the minimum of the grade, (2) separation of employees due to receive within-grade salary advancements and (3) delays in filling vacancies. There are over 400 employees on military furlough who have reemployment rights with this Administration. No realistic estimate can be made of the number of these who will return or the dates of their return during the fiscal years 1948 and 1949. These employees, generally with 8 to 10 years Government service, will on their return replace employees at lower rates within the same grade. Employees in the military service are entitled to within-grade salary advancements for the period served in the armed forces. Assuming only 50% return in the fiscal years 1948 and 1949, it is estimated that such costs may approximate $50,000. The 1949 estimate contemplates the absorption of these costs in addition to the $80,590 estimated savings.

(c) Increase of $79,600 by transfer of receipts from the "Farm Tenant-Mortgage Insurance Administrative Fund" to provide a portion of the cost for servicing insured mortgages outstanding in 1949.

It is estimated that 1,480 farm tenant mortgages will be insured in the fiscal year 1948 and will require servicing during the fiscal year 1949. Under the Farmers' Home Administration Act the Government is responsible for the collection and servicing of insured mortgages and the remittance of collections to the mortgagee. Provision is made for an initial charge and an annual charge thereafter of one per cent of the outstanding principal. One-half of this amount is used for administrative expenses relating to mortgage insurance, and the remaining one-half is deposited in the mortgage insurance fund. In addition, charge is made for certain costs involved in appraisals and other services in insuring the loans which are used for administrative expenses. Such collections in 1948 are estimated to provide $79,600 for these expenses in 1949.

(3) Decrease of $1,000,000 due to the elimination of the item provided in 1948 for the establishment of the Farm Tenant-Mortgage Insurance Fund. The amount appropriated for this purpose will be sufficient for operating requirements during the fiscal year 1949.

CHANGES IN LANGUAGE

The estimates include proposed changes in the language of this item as follows (new language underscored, deleted matter enclosed with brackets):

Change No.

1 Loans: Title I and section 43 (including payments in lieu of taxes and taxes under section 50), $15,000,000; title II, [$60,000,000] $75,000,000.

2 [Mortgage insurance fund: For the establishment of the farm tenant mortgage insurance fund pursuant to title I, $1,000,000.]

3 Salaries and expenses: For the making and servicing of new loans, insuring mortgages, the servicing and collecting of loans made under prior authority, and the liquidation of assets transferred to Farmers' Home Administration pursuant to the Farmers' Home Administration Act of 1946, [$21,000,000] $23,000,000, together with a transfer to this appropriation item of not to exceed $120,000 of the fees and administrative expense charges made available by sub-sections (d) and (e) of section 12 of the Bankhead-Jones Farm Tenant Act as amended.

4 [All rights, interests, obligations, and duties of the Reconstruction Finance Corporation arising out of loans made or authorized to be made to the Secretary of Agriculture for the purpose of making rural rehabilitation and farm tenancy loans in accordance with the Department of Agriculture Appropriation Act of 1947 and prior appropriations and loans under the Farmers Home Administration Act of 1946 are, as of the close of June 30, 1947, vested in the Secretary of the Treasury; the Reconstruction Finance Corporation is authorized and directed to transfer, as of the close of June 30, 1947, to the Secretary of the Treasury and the Secretary of the Treasury is authorized and directed to receive all loans outstanding on that date, plus accrued unpaid interest, theretofore made to the Secretary under the provisions of the Acts named above, and all notes and other evidences thereof and all obligations constituting the security therefor. The Secretary of the Treasury shall cancel notes of the Reconstruction Finance Corporation, and sums due and unpaid upon or in connection with such notes at the time of such cancellation, in an amount equal to the unpaid principal of the loans so transferred, plus accrued unpaid interest through June 30, 1947. Subsequent to June 30, 1947, the Reconstruction Finance Corporation shall make no further loans or advances to the Secretary and the Secretary of the Treasury is hereby authorized and directed, in lieu of the Reconstruction Finance Corporation, to lend or advance to the Secretary, in accordance with the provisions of the Acts referred to any unobligated or unadvanced balances of the sums which the Reconstruction Finance Corporation has theretofore been authorized and directed to lend to the Secretary. For the purpose of making such loans or advances, the Secretary of the Treasury is authorized to use as a public-debt transaction the

proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under that Act are extended to include such loans or advances to the Secretary of Agriculture. Repayments to the Secretary of Treasury on such loans or advances shall be treated as a public-debt transaction of the United States.]

The first change in language is to provide funds for carrying out the provisions of Section 50 of the Bankhead-Jones Farm Tenant Act, as amended, and to make it clear that both tax payments and payments in lieu of taxes on land temporarily held by the Government can be paid out of loan funds, as a capitalized recoverable charge against the land, rather than as an administrative expense payable out of funds limited for administrative expense purposes. Heretofore, payments in lieu of taxes have been made primarily under the authority of and out of funds collected pursuant to the Bankhead-Black Act. Upon the completion of liquidation of rural rehabilitation and resettlement projects as required by Section 43 of the Bankhead-Jones Farm Tenant Act, as amended, funds so collected will be liquidated pursuant to Section 2 (b) of the Farmers' Home Administration Act. Consequently, this appropriation must be available as a substitute for those funds and for the tax payments and payments in lieu of taxes on land subsequently acquired in liquidation of loans and credit sales.

The second change deletes the reference and amount contained in the 1948 Department of Agriculture Appropriation Act for the establishment of the Farm Tenant-Mortgage Insurance Fund under subsection (a) of Section 11 of the Bankhead-Jones Farm Tenant Act, as amended. The fund made available in 1948 will be sufficient to cover operating needs in 1949.

The third change provides authority for transfer to this appropriation of fees and administrative expense charges collected and deposited to the "Farm Tenant-Mortgage Insurance Administrative Fund" in accordance with subsections (d) and (e) of Section 12 of the Bankhead-Jones Farm Tenant Act. These funds will be used for salaries and expenses in connection with the making and servicing of insured mortgages.

The fourth change deletes the language inserted in the 1948 Agriculture Appropriation Act providing for the transfer of loaning authority contained in the appropriations for "Loans, Grants, and Rural Rehabilitation" and "Farm Tenancy" in 1947 and prior fiscal years from the Reconstruction Finance Corporation to the Secretary of the Treasury. All borrowings have been completed and full payment of all outstanding balances due under the notes transferred to the Secretary of the Treasury have been made.

ITEMIZATION OF ESTIMATES

Appropriation: Farmers' Home Administration

Funds Available for Obligation

Item	Estimate 1948	Budget estimates, 1949	Increase(+) or decrease (-)
Appropriation or estimate	$97,000,000	$113,000,000	+$16,000,000
Transferred to "Farm Tenant-Mortgage Insurance Fund, Farmers' Home Administration, Department of Agriculture"	-1,000,000	- -	+1,000,000
Transferred from "Farm Tenant-Mortgage Insurance Administrative Fund, Farmers' Home Administration, Department of Agriculture"		+79,600	+79,600
Total obligations	96,000,000	113,079,600	+17,079,600

Obligations by Objects

Standard Classification			
01 Personal services	17,306,195	19,160,432	+1,854,237
02 Travel	2,090,000	2,370,843	+280,843
03 Transportation of things	118,200	78,200	-40,000
04 Communication services	199,000	211,810	+12,810
05 Rents and utility services ..	828,910	809,500	-19,410
06 Printing and binding	117,000	117,000	- -
07 Other contractual services ..	222,030	224,295	+2,265
08 Supplies and materials	83,025	86,120	+3,095
09 Equipment	35,640	21,400	-14,240
16 Investments and loans	75,000,000	90,000,000	+15,000,000
Grand total obligations ..	96,000,000	113,079,600	+17,079,600

STATUS OF PROGRAM

Tenant Purchase Loans - Farm Tenant Mortgage Insurance - Title I

Current Activities: Pursuant to Title I of the Bankhead-Jones Farm Tenant Act, as amended by the Farmers Home Administration Act of August 14, 1946, loans are made by the Government, or by private lenders and insured by the Government, to farm tenants, farm laborers, share croppers, and owners to acquire, enlarge, or improve family-size farms. Loans are available only to farm families unable to secure needed credit from other sources with preference given to applications of veterans. Borrowers are provided supervisory assistance, as needed, in planning sound farm and home operations and in adopting efficient and profitable farm and home practices.

1. Loans: Activities under Title I of the Bankhead-Jones Farm Tenant Act during 1948 will consist of making approximately 2,000 direct loans and 1,480 insured mortgage loans.

   A. Source of Funds

      (1) Direct loans - Although the problems of land tenure which gave rise to the passage of the Bankhead-Jones Farm Tenant Act in 1937 remain largely unsolved, fund limitations have made it necessary virtually to suspend direct loans to non-veterans in order to comply with the veterans' preference provisions of the Act. 37,396 applications from non-veterans were pending as of June 30, 1947. Direct loans will be made only to the very small number of these who had received committee approval and obtained options on farms prior to June 30, 1947. 35,929 applications from veterans were pending as of June 30, 1947. (See Table I.) Because of the limited direct loan authorization it will be impossible to render assistance to many veterans who are able to qualify for direct loans but unable to qualify for insured mortgage loans because of the down payment requirement.

      (2) Insured mortgage loans - Lending operations under the insured mortgage authorizations were started in October 1947. The program is, therefore, just getting under way. An applicant, in order to qualify for an insured mortgage loan, must be able to make a down payment amounting to 10 percent of the investment in the farm plus an insured mortgage charge of 1 percent of the loan. Insured loans will likely serve borrowers in a somewhat higher economic bracket than those heretofore served by direct loans. As presently authorized insured loans should be regarded as supplementary to but not as a substitute for direct loans.

   B. Farm Prices: The number of farms available at prices in line with earning-capacity values is limited. Borrowers, however, were able to locate over 5,200 farms in 1947 which can, in the judgment of the local county committees, be paid for even when normal prices for farm commodities prevail. Two thousand direct loans and 1,480 insured mortgage loans, an average of less than two per county,

can readily be made in 1948. Strict adherence to normal earning-capacity values and consistent rejection of overpriced farms have resulted in substantial reductions in asking prices of farms and, in general, have an anti-inflationary influence on farm real estate prices.

C. Purposes of the Loans: Either direct or insured mortgage loans may be made to:

(1) Purchase and improve family type farms.

(2) Purchase additional land to convert uneconomic units into economic family-type farms.

(3) Develop existing under-improved units into economic improved family-type farms.

D. Terms of Loans: Loans are made for periods up to 40 years and are amortized in equal annual installments with $3\frac{1}{2}$ percent interest charged on the unpaid principal. A loan cannot be made on a farm that has a value greater than the average value of all efficient family-type farms in the county. An administrative ceiling of $12,000 applies to the size of loans in all parts of the country and no loan may be made to purchase, develop, or improve a farm unless it is of such size and type as constitutes an efficient family-type farm management unit.

E. Distribution of Funds: Loan money is distributed among the states and territories on the basis of tenancy and farm population, but adjustments between states may be made to meet the needs of veteran applicants.

2. Supervision and Technical Services: Both new and old borrowers are given assistance, as needed, in improving the efficiency of their farm and home management and in making improvements and adjustments necessary to the successful operation of their farm. The long-time earning capacity of farms proposed for purchase is determined by trained farm appraisers.

Significant Data Indicating Progress

1. Number and average size of loans and average amount of loan per acre.

Fiscal year	Number of loans	Average size of loans	Average loan per acre
1938-1944	35,904	$5,835	$43
1945	1,843	5,949	46
1946	3,550	7,593	47
1947	5,807	7,494	46

See Table II for distribution by states.

2. Amount loaned to veterans and non-veterans, 1946 and 1947

Fiscal year	Veteran	Non-veteran	Total
1946	$15,563,489	$11,640,757	$27,204,246
1947	24,819,296	20,648,511	45,467,807

3. Collections from active borrowers compared with amortization schedules, as of March 31, 1947

Actual payment (excluding extra payments and refunds)	Amount of amortization schedule	Collections in excess of amortization schedule	Percent ahead of schedule
$60,145,044	$38,464,829	$21,680,215	56%

See Table III for distribution by states.

4. Number of borrowers paying accounts in full from agricultural income and from other income

Fiscal year	Number paying in full from: Agricultural income	Other income sources	Total
1945	1,318	584	1,902
1946	2,301	912	3,213
1947	3,233	1,805	5,038
Since inception through June 30, 1947	7,598	3,635	11,233

5. Financial progress of borrowers on the program in 1945 is shown by the increase in net worth and gross family income since receiving tenant purchase loans.

	Year before receiving loan	1945	Percent increase
Net worth	$1,819	$5,393	196%
Gross family income	1,599	3,867	142

6. Examples of loans made possible by virtue of reductions in asking price to conform with normal-earning-capacity values, in typical states, fiscal year 1947.

State	Number of sample cases reported	Average original option price	Average reduced option price	Reduction in option price: Amount	Reduction in option price: Percent
Georgia	51	$5,020	$4,077	$943	19%
Kansas	29	9,413	8,222	1,191	13%
Oregon	10	8,000	6,650	1,350	17%

Production and Subsistence Loans - Title II

Current Activities: Pursuant to Title II of the Bankhead-Jones Act, as amended by the Farmers Home Administration Act of August 14, 1946, loans are made to farm families unable to obtain reasonable credit from any other source for farm and home operating needs. Supervision in the form of practical "on the farm" guidance is provided the borrowers whose success is dependent upon improvement in farm and home practices. These activities are designed to assist low income farm operators, veterans, and farm laborers in developing more efficient farm and home operations that will provide adequate living for their families, and increase the production of urgently needed food. It is estimated that under the relatively favorable economic conditions which obtained in 1947, a total of 1.5 million farm families do not produce sufficiently to provide an adequate living from their farms because of insufficient working capital. Many of these families need assistance in carrying on efficient farm and home operations. The major activities under this Title are:

1. Loan Making

   Loans are made for the purchase of necessary livestock, farm equipment, feed, seed, fertilizer, other farm needs, essential home equipment and family subsistence. Annual operating loans are scheduled for repayment when the principal income from the enterprise financed with such loans normally would be received. Repayments on adjustment loans are scheduled at least once each 12 months and over a period not in excess of five years in a manner consistent with the applicant's ability to pay. Interest is charged at the rate of five percent on the unpaid balance. Initial loans may not exceed $3,500 to any one borrower and the total outstanding indebtedness to any borrower may not exceed $5,000.

2. Supervision (On-The-Farm Guidance):

   Supervisory services are provided borrower families on the basis of the individual family's needs and abilities. Such services assist families in analyzing and correcting present unprofitable operations, in planning sound and balanced farm and home operations, and guide them in the practical application of improved farm and home practices.

3. Loan Servicing

   a. Active borrowers. These borrowers are serviced by County Supervisors, and collections on their accounts made from the proceeds of crops and livestock or from other sources of available income in accordance with the terms of their notes.

b. Collection-only borrowers. These borrowers are no longer receiving any financial assistance from the Farmers Home Administration, but all outstanding balances on loans previously received are serviced for collection purposes only through the use of letters and personal contacts. Collections are made in accordance with borrowers' ability to repay. Where full repayment of such accounts can not be obtained, the debts may be settled through compromise, adjustment or cancellation under existing authorities.

c. Dropped borrowers. These borrowers receive no servicing, and their accounts are considered uncollectible.

Significant Data Showing Progress:

1. Operating loans made during the 1945, 1946, and 1947 fiscal years together with an estimate of activity during the 1948 fiscal year.

Fiscal Year	No. Loans for Adjustment in Farm and Home Operations		Number Annual Operating Loans
	Initial	Subsequent	
1945.....	24,922	102,850	81,654
1946.....	33,361	81,959	80,377
1947.....	28,297	70,940	76,776
1948 estimated.....	23,660	55,835	20,000

See Table IV for distribution by States, fiscal year 1947.

2. Collections of principal and interest related to total advances.

a. Assets of agencies transferred to the Farmers Home Administration.

(1) Farm Security Administration cumulative advances and collections.

Advances to 10/31/46	Collections to 6/30/47	
	Principal	Interest
$1,026,814,240	$785,267,430	$106,180,423

Principal payments from these accounts were 88.5 percent of maturities by June 30, 1947. As of the same date total collections, principal and interest, amounted to 86.8 percent of total amount loaned. See Table V for distribution by States. By June 30, 1947, 498,888 borrowers had paid their loans in full.

(2) Emergency Crop and Feed Loan cumulative advances and collections.

Advances to 10/31/46	Principal Collection to 6/30/47
$575,934,555	$454,161,367

By June 30, 1947, repayments of principal on Emergency Crop and Feed Loans were 78.9 percent of the total amount loaned. See Table VI for distribution by loan years.

b. Farmers Home Administration advances and collections November 1, 1946 through June 30, 1947.

Advances	Collections	
	Principal	Interest
$61,628,752	$1,726,051	$29,485

3. Debt Adjustment of Borrower Account Activity - Pursuant to Public Law 518 - 78th Congress and Public Law 731 (79th Congress)

Debt Adjustment, Compromise, and Cancellation Actions
April 4, 1945 through June 30, 1947

Type of Settlement	Number of Borrowers	Total Indebtedness to be Settled	Settlements		
			Repaid	To be Repaid	To be Written Off
Adjustment	1,437	$558,971	$231,521	$63,841	$263,609
Compromise	6,331	2,799,254	933,612	0	1,865,642
Cancellation	92,015	15,187,359	0	0	15,187,359
All Actions	99,783	$18,545,584	$1,165,133	$63,841	$17,316,610

4. Veteran loans for adjustment in farm and home operations have rapidly increased in number since demobilization began, the applications received and initial loans approved being:

Fiscal Year	Number of Applications	Number of Initial Loans Approved (Adjustment)
1944-1945	6,417	2,550
1946	32,104	15,229
1947	50,980	23,654

See Table VII for distribution by States.

5. Financial progress of borrowers resulting from the combination of credit and "on the farm" assistance is shown by comparing the financial status of borrowers on December 31, 1946 with their financial status at the time of receiving the first operating loan.

	Before Receiving Loan	As of December 31, 1946	Percent Change Since Receiving Loan
Assets	$1,830	$4,323	136%
Liabilities	664	1,388	109%
Net Worth	$1,166	$2,935	152%

Project Liquidation - Title IV

Project Liquidation Activity and Progress - Pursuant to Title IV of the Bankhead-Jones Act as amended by the Farmers Home Administration Act of August 14, 1946, the liquidation of the Resettlement projects, Defense Relocation Corporations, Land Purchasing Associations, Special Projects, and Migratory Labor camps had been carried to 87.3 per cent completion by June 30, 1947. At that time 236,601 acres with appurtenant improvements were unsold.

Pursuant to Public Law 563, 79th Congress, approved July 30, 1946 and Title IV of the Bankhead-Jones Act as amended, that portion of the unsold 236,601 acres suitable for sale as economic family type farm units will be sold to veterans and present project occupants to whom commitments have been made and who are eligible to receive the benefits of Title I of the aforesaid Bankhead-Jones Act. It is expected that all of this property will be sold by the close of the fiscal year 1949 in accordance with the provisions of Public Law 563. Property not suitable for sale as economic family type farm units will be disposed of as surplus by February 14, 1948.

Salaries and Expenses

Current Activities: The Farmers' Home Administration Act of 1946 provided for the establishment of area finance, state and local offices in the United States and in the territories of Alaska, Hawaii and Puerto Rico. The act further required the abolishment of the 11 regional offices of the Emergency Crop and Feed Loan Division and the 12 regional offices of the Farm Security Administration. Public Law 249, approved July 26, 1947, provided for extension of programs to the Virgin Islands. Appropriations available to the separate agencies in the fiscal year 1947 prior to consolidation provided for 9,590 full-time employees. As a result of the consolidation on November 1, 1946, personnel savings were effected reducing this number to 8,964.

Due to the reduction in appropriation to $21,000,000 for salaries and expenses in 1948 personnel has been further reduced in 1948 to 5,550, or 42% below the employment by the two agencies prior to consolidation. In effecting the reduction in personnel, maximum reductions were taken in the National and State offices in order to retain as many county office personnel as possible. There are now 40 state offices, 4 area finance offices and 1,555 county offices to administer the programs of the Farmers' Home Administration throughout the 3,000 agricultural counties of the United States.

The collection of the funds loaned by the government and the success of the borrowers is directly influenced by the number of employees dealing with the borrowers. The borrowers with loans outstanding as of June 30, 1947, were as follows:

Type	Number
Operating loan borrowers (excludes ECFL).....	621,697
Farm ownership and other real estate borrowers.....	46,156
Water facilities borrowers.....	3,982
Emergency crop and feed loan accounts 1/.....	550,000
	1,221,835

1/ It has not been possible to complete the review of these accounts to determine the number of borrowers. However, it is estimated that the 954,803 accounts outstanding represent approximately 550,000 borrowers.

A comparison of the fiscal years 1947, 1948 personnel with the 1949 estimate for all appropriations of the Farmers' Home Administration is shown in the following schedules:

MAN - YEARS

	1947 Before consolidation	1947 After consolidation	1948 Estimated	1949 Estimated
National	440	447	314	312
Area Finance	917	1/ 960	1/ 685	1/ 685
Regional	1,254			
State:				
Staff	151	729	493	492
Field	261	261	333	339
	412	990	826	831
District	386	386		
Examination Division	93	93	84	84
County	6,088	6,088	3,641	4,038
Total	9,590	8,964	5,550	5,950

1/ 1947 fiscal year before consolidation includes fiscal functions only. 1948 and 1949 fiscal years include a portion of the administrative services activities relating to loan, property and contract accounting.

(b) Farm Tenant-Mortgage Insurance Fund, Farmers' Home Administration

This budget schedule covers an account established pursuant to Section 11(a), Title I of the Farmers' Home Administration Act of 1946 (Public Law 731) approved August 14, 1946, which authorized the appropriation of not to exceed $25,000,000 for the establishment of such fund. The sum of $1,000,000 was provided in the Department of Agriculture Appropriation Act, 1948 for the establishment of the fund. This amount is to be supplemented by one-half of the initial and annual charges collected from mortgagors of insured mortgages. Moneys not needed for current operations will be invested in direct obligations of the United States. The income from such investments will be used to cover losses in future years.

(c) Farm Tenant-Mortgage Insurance Administrative Fund, Farmers' Home Administration

This budget schedule covers an account established pursuant to Section 12 (e)(2) of Title I of the Farmers' Home Administration Act of 1946 (Public Law 731) approved August 14, 1946, which provides that one-half of the initial and annual charges collected from mortgagors of insured mortgages, and such initial fees for inspection, appraisal and other charges as the Secretary of Agriculture finds necessary shall be deposited in the Treasury to the credit of the Secretary of Agriculture for administrative expenses in carrying out the provisions of said Act relating to mortgage insurance. It is estimated that receipts to be deposited to this fund in 1948 will amount to $79,600. It is proposed that these funds be transferred to the appropriation "Salaries and Expenses, Farmers' Home Administration" in the fiscal year 1949 to meet expenses in connection with the mortgage insurance program for that year.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

Table I - Farm Tenancy: Loan Applications From Veterans, Number of Loans, and Average, 1946 and 1947 Fiscal Years

State and territory	1946 fiscal year			1947 fiscal year			Applications on hand end of period
	Number of loan applications	Loans approved		Number of loan applications	Loans approved		
		Number	Average amount		Number	Average amount	
	1	2	3	4	5	6	7
U. S. Total.....	29,529	1,973	$7,875	53,794	3,200	$7,704	35,929
Alabama.....	1,567	75	6,069	3,100	105	5,612	2,854
Arizona.....	90	6	11,911	113	10	10,689	63
Arkansas.....	2,546	130	5,272	4,547	228	5,046	2,589
California.....	353	16	11,856	441	13	11,611	269
Colorado.....	458	14	10,686	977	23	11,198	642
Connecticut.....	30	3	10,089	59	7	10,532	31
Delaware.....	47	10	6,797	62	10	7,826	54
Florida.....	575	25	6,535	1,625	88	6,883	1,205
Georgia.....	1,279	106	5,752	2,902	209	5,534	2,630
Idaho.....	664	28	11,380	1,049	53	10,443	661
Illinois.....	114	1	10,485	246	18	8,288	159
Indiana.....	304	14	9,936	477	34	8,572	276
Iowa.....	53	2	9,257	91	2	9,700	61
Kansas.....	395	33	9,692	719	58	9,296	467
Kentucky.....	587	10	8,818	1,035	33	8,828	366
Louisiana.....	874	21	5,437	1,803	60	6,912	1,404
Maine.....	228	29	7,564	353	43	7,331	257
Maryland.....	127	30	8,067	198	23	9,440	121
Massachusetts.....	88	14	9,644	143	20	8,760	63
Michigan.....	430	55	8,840	557	54	9,200	303
Minnesota.....	498	70	6,615	842	129	6,449	284
Mississippi.....	1,776	91	6,380	3,720	255	6,740	2,855
Missouri.....	927	61	7,028	2,097	124	7,619	1,626
Montana.....	786	37	10,798	1,144	38	10,865	753
Nebraska.....	326	18	10,497	673	42	10,151	515
Nevada.....	72	3	11,150	114	11	11,677	64
New Hampshire.....	49	2	6,931	83	5	8,290	58
New Jersey.....	172	50	9,467	243	54	9,298	134
New Mexico.....	403	24	11,211	749	49	11,074	510
New York.....	470	106	7,029	748	99	7,186	419
North Carolina.....	880	30	5,362	1,785	82	5,662	1,199
North Dakota.....	463	32	10,540	855	63	9,785	475
Ohio.....	175	6	9,135	329	23	9,253	200
Oklahoma.....	2,110	132	7,564	3,870	217	6,846	2,550
Oregon.....	346	20	10,860	623	24	10,730	520
Pennsylvania.....	630	97	6,874	947	91	6,710	574
Rhode Island.....	5	0	0	10	1	10,900	2
South Carolina.....	602	23	6,378	751	34	5,898	898
South Dakota.....	302	20	9,666	479	38	9,862	255
Tennessee.....	733	18	7,854	1,776	68	7,629	1,364
Texas.....	4,362	298	9,100	7,442	375	9,844	3,291
Utah.....	373	62	10,729	496	63	10,516	360
Vermont.....	94	21	7,689	170	35	6,910	94
Virginia.....	176	7	7,985	284	27	7,585	154
Washington.....	232	5	10,546	460	9	10,744	384
West Virginia.....	286	11	6,809	425	22	5,885	155
Wisconsin.....	436	57	6,243	891	91	6,874	319
Wyoming.....	193	36	10,176	324	23	11,136	199
Alaska.....	6	1	7,010	8	1	10,000	2
Hawaii.....	10	1	9,100	8	1	7,442	6
Puerto Rico.....	827	12	4,168	951	15	5,431	735

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

Table 11 - Farm Tenancy: Loan Applications, Number of Loans, and Average, 1945, 1946 and 1947 Fiscal Years and Cumulative from Inception of Program

State and territory	1945 fiscal year			1946 fiscal year			1947 fiscal year			Loans approved 1938 through 1947 fiscal years	
	Number of loan applications	Loans approved		Number of loan applications	Loans approved		Number of loan applications	Loans approved			
		Number	Average amount		Number	Average amount		Number	Average amount	Number	Average amount
	1	2	3	4	5	6	7	8	9	10	11
U. S. Total.....	63,146	1,843	$5,949	85,351	3,550	$7,593	113,551	5,807	$7,494	47,104	$6,233
Alabama.....	4,955	175	4,672	5,835	78	6,006	7,944	257	5,450	3,575	4,578
Arizona.....	52	2	8,053	127	7	11,924	190	12	10,778	46	9,843
Arkansas.....	3,857	118	5,007	6,096	172	4,822	8,152	413	5,025	2,709	4,799
California.....	547	13	11,554	934	38	11,482	929	42	11,068	310	9,997
Colorado.....	667	10	11,134	1,174	32	10,352	1,647	45	10,598	263	10,266
Connecticut.....	22	1	9,130	40	4	10,566	88	11	10,702	30	9,622
Delaware.....	53	2	8,815	86	14	6,749	95	15	7,418	76	6,358
Florida.....	663	11	4,748	1,143	33	6,034	2,261	104	6,914	436	5,133
Georgia.....	4,828	218	4,123	5,741	153	5,001	8,143	459	5,380	4,524	4,182
Idaho.....	164	5	10,333	1,170	39	10,787	1,464	62	10,483	207	10,114
Illinois.....	1,450	11	8,908	1,035	11	7,768	1,100	52	8,842	761	9,863
Indiana.....	1,685	31	8,917	1,700	66	9,154	1,614	90	9,025	661	9,204
Iowa.....	1,279	31	8,615	605	5	8,749	651	32	8,702	951	8,935
Kansas.....	930	35	8,925	1,548	94	9,116	2,081	137	9,194	863	8,747
Kentucky.....	1,437	11	5,993	1,967	38	7,478	2,606	71	8,680	994	7,214
Louisiana.....	2,035	47	5,938	2,569	24	5,597	3,559	103	7,016	1,586	5,495
Maine.....	121	2	4,618	360	33	7,288	414	46	7,235	113	6,697
Maryland.....	203	10	7,726	342	47	7,692	410	40	9,098	255	7,421
Massachusetts...	48	2	5,150	113	16	9,346	166	21	8,854	63	7,949
Michigan.....	383	22	6,398	637	71	8,363	1,007	83	9,165	529	7,957
Minnesota.....	1,199	43	7,921	1,378	146	7,200	1,689	209	6,994	1,034	8,037
Mississippi.....	2,288	157	6,673	4,675	261	7,377	6,994	416	6,693	3,601	5,576
Missouri.....	3,339	72	6,225	3,547	169	6,407	5,089	254	7,301	1,729	6,348
Montana.....	317	6	9,417	1,361	46	10,761	1,589	43	10,681	176	10,230
Nebraska.....	965	31	9,769	1,523	70	10,134	2,219	121	10,159	708	9,927
Nevada.....	4	0	0	75	3	11,150	145	13	11,188	20	10,856
New Hampshire...	16	0	0	64	4	5,713	112	6	8,297	22	6,550
New Jersey.....	42	2	9,900	201	54	9,552	283	56	9,298	163	8,998
New Mexico.....	105	3	9,688	594	30	10,856	948	52	11,064	144	10,210
New York.....	336	15	7,263	788	135	6,863	1,019	124	7,188	568	6,441
North Carolina..	4,843	89	4,132	4,603	69	4,883	5,243	195	5,481	2,845	4,587
North Dakota....	690	23	7,645	1,205	69	9,207	1,751	93	9,355	567	7,544
Ohio.....	1,305	25	7,737	922	18	7,917	1,136	99	8,863	796	8,205
Oklahoma.....	3,648	100	5,720	5,536	275	7,319	7,749	371	7,078	2,372	6,392
Oregon.....	288	5	9,821	791	26	10,563	913	32	10,642	176	8,832
Pennsylvania....	720	22	6,759	1,348	149	6,422	1,644	130	6,575	778	6,052
Rhode Island....	5	0	0	8	0	0	14	1	10,900	3	7,065
South Carolina..	2,099	71	4,321	2,650	46	5,167	2,759	88	5,563	2,241	4,441
South Dakota....	587	26	7,567	857	56	9,162	1,221	78	9,467	542	8,037
Tennessee.....	2,647	45	5,107	2,862	25	7,144	3,978	167	7,489	1,782	5,585
Texas.....	6,568	188	6,405	10,457	544	8,696	13,563	648	9,562	4,190	7,970
Utah.....	82	1	10,500	435	64	10,756	544	67	10,309	165	10,119
Vermont.....	86	2	5,766	172	24	7,510	251	39	6,726	103	6,393
Virginia.....	981	40	5,429	1,086	28	6,502	1,094	77	7,057	941	5,576
Washington.....	252	7	8,708	494	15	10,308	839	21	10,712	171	9,110
West Virginia...	876	23	5,528	1,009	26	5,644	899	56	5,451	486	4,997
Wisconsin.....	734	36	6,591	1,027	119	6,397	1,829	156	6,929	806	6,926
Wyoming.....	75	1	10,703	318	39	10,182	373	25	11,096	99	10,123
Alaska.....	0	0	0	14	1	7,010	11	1	10,000	2	8,505
Hawaii.....	44	4	8,169	206	3	9,466	28	8	7,883	207	6,043
Puerto Rico.....	2,024	49	3,684	1,923	61	4,399	2,504	66	5,504	715	4,995

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

Table III - Actual Payments Compared With Fixed Payment Schedule of Farm Ownership Borrowers, Cumulative as of March 31, 1947 1/

State and territory	Number of borrowers	Actual payments	Fixed payment schedule	Net amount ahead of schedule	Percent ahead of schedule
	1	2	3	4	5
U. S. Total.....	43,050	$60,145,044	$38,464,829	$21,680,215	56
Alabama.....	3,202	3,053,776	2,173,758	880,018	40
Arizona.....	36	86,489	45,542	40,947	90
Arkansas.....	3,038	2,506,708	2,046,067	460,641	23
California.....	207	482,661	269,718	212,943	79
Colorado.....	299	641,294	385,493	255,801	66
Connecticut.....	18	20,540	15,920	4,620	29
Delaware.....	52	43,651	34,194	9,457	28
Florida.....	410	250,088	207,548	42,540	20
Georgia.....	3,952	3,457,583	2,630,996	826,587	31
Idaho.....	216	272,190	153,616	118,574	77
Illinois.....	572	1,849,726	1,192,105	657,621	55
Indiana.....	553	1,615,051	850,485	764,566	90
Iowa.....	659	2,076,350	1,232,378	843,972	68
Kansas.....	672	1,613,310	890,207	723,103	81
Kentucky.....	747	2,204,117	1,012,054	1,192,063	118
Louisiana.....	1,753	1,693,540	1,460,038	233,502	16
Maine.....	103	54,544	38,060	16,484	43
Maryland.....	205	278,878	177,954	100,924	57
Massachusetts.....	44	31,035	23,981	7,054	29
Michigan.....	661	936,707	564,119	372,588	66
Minnesota.....	1,595	2,445,121	1,299,986	1,145,135	88
Mississippi.....	3,522	2,771,362	2,691,667	79,695	3
Missouri.....	1,636	2,487,937	1,514,756	973,181	64
Montana.....	501	434,737	353,766	80,971	23
Nebraska.....	440	1,513,682	652,447	861,235	132
Nevada.....	13	13,527	11,504	2,023	18
New Hampshire.....	23	13,653	16,715	- 3,062	- 18
New Jersey.....	127	121,459	94,477	26,982	29
New Mexico.....	146	198,754	125,158	73,596	59
New York.....	476	495,217	296,637	198,580	67
North Carolina.....	2,218	3,289,759	1,786,822	1,502,937	84
North Dakota.....	443	987,450	464,943	522,507	112
Ohio.....	651	1,549,475	978,337	571,138	58
Oklahoma.....	2,067	3,032,312	1,872,937	1,159,375	62
Oregon.....	267	425,166	221,564	203,602	92
Pennsylvania.....	615	749,896	489,089	260,807	53
Rhode Island.....	1	2,030	1,347	683	51
South Carolina.....	2,153	2,162,882	1,685,063	477,819	28
South Dakota.....	416	1,050,575	504,564	546,011	108
Tennessee.....	1,371	2,468,638	1,332,872	1,135,766	85
Texas.....	3,590	6,372,121	3,901,904	2,470,217	63
Utah.....	116	118,635	75,133	43,502	58
Vermont.....	85	56,252	40,156	16,096	40
Virginia.....	657	1,116,218	668,032	448,186	67
Washington.....	203	374,429	209,920	164,509	78
West Virginia.....	393	461,160	349,264	111,896	32
Wisconsin.....	1,114	1,540,213	727,083	813,130	112
Wyoming.....	136	110,373	86,506	23,867	28
Alaska.....	2	0	0	0	0
Hawaii.....	126	219,573	149,729	69,844	47
Puerto Rico.....	548	394,200	458,218	- 64,018	- 14

1/ Includes all types of Farm Ownership loans (Tenant Purchase, Farm Enlargement, Farm Development and Project Liquidation) from Tenant Purchase funds and from state Rural Rehabilitation Corporation Trust funds. Also includes Farm Development and Project Liquidation loans from Rural Rehabilitation funds. Includes only loans for full-time economic farm units.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

Table IV - Rural Rehabilitation Loans to Individuals by the Farm Security Administration, 1945 and 1946 Fiscal Years, 1947 Fiscal Year Through October 31, 1946, and Cumulative Since Inception of Program 1/

State and territory	1945 fiscal year				1946 fiscal year				July 1-October 31, 1946				Cumulative through October 31, 1946			
	Original		Supplemental		Original		Supplemental		Original		Supplemental		Original		Supplemental	
	Number	Average amount	Number	Average amount	Number	Average amount	Number	Average amount	Number	Average amount	Number	Average amount	Number	Average amount	Number	Average amount
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
U. S. Total.....	24,922	$1,086	102,850	$386	33,361	$1,323	81,959	$462	10,991	$1,518	19,890	$586	1,045,246	$491	1,992,243	$235
Alabama.....	608	575	6,768	168	583	620	6,142	214	42	963	205	279	44,386	342	171,877	159
Arizona.....	58	1,737	105	911	99	1,576	154	941	13	1,867	41	1,063	3,055	615	3,090	533
Arkansas.....	739	651	6,944	258	1,279	767	4,740	327	284	969	1,075	347	54,861	364	163,571	140
California.....	286	1,503	455	931	484	1,801	454	1,056	146	1,830	169	1,192	11,029	910	11,980	535
Colorado.....	356	1,578	1,461	681	443	1,935	1,001	817	110	1,962	451	778	26,892	483	33,756	416
Connecticut.....	7	1,752	49	1,135	27	1,387	34	852	10	2,080	14	761	602	968	695	925
Delaware.....	30	1,220	94	606	55	1,765	78	781	28	2,099	26	595	578	825	630	468
Florida.....	223	471	1,478	290	230	628	1,153	348	120	886	196	626	15,679	310	33,949	208
Georgia.....	633	605	7,132	232	504	712	5,555	261	83	1,002	145	498	45,181	352	144,069	164
Idaho.....	394	1,632	858	783	779	1,783	813	1,064	192	1,763	214	1,042	10,178	1,077	14,973	486
Illinois.....	632	1,770	1,040	587	741	1,910	971	625	319	1,994	249	770	17,714	811	19,473	333
Indiana.....	536	1,561	897	610	607	1,645	724	657	164	1,851	141	693	17,710	631	13,688	358
Iowa.....	859	1,791	1,391	691	1,031	1,952	1,235	649	272	2,000	307	654	19,894	857	19,417	382
Kansas.....	474	1,294	1,675	492	967	1,664	1,411	620	350	1,809	566	625	31,302	497	68,683	211
Kentucky.....	915	421	2,581	284	1,019	490	2,109	329	240	667	512	340	36,192	237	29,271	212
Louisiana.....	514	782	5,593	301	710	878	4,428	361	146	1,007	491	553	41,764	278	93,075	229
Maine.....	174	1,180	850	1,228	262	1,557	626	1,351	69	1,209	103	990	4,913	863	14,117	720
Maryland.....	159	1,388	448	546	296	1,505	362	698	93	1,655	176	748	2,945	844	3,503	504
Massachusetts.....	48	1,069	140	801	51	1,744	98	965	22	1,885	32	1,131	1,353	721	1,369	650
Michigan.....	511	1,268	778	635	1,166	1,524	1,030	766	479	1,677	491	890	23,123	616	11,766	453
Minnesota.....	908	1,841	1,089	583	969	1,843	868	726	532	1,910	307	878	25,360	907	15,936	384
Mississippi.....	827	681	9,293	248	1,150	710	5,995	303	157	980	696	366	52,699	326	165,663	172
Missouri.....	891	1,073	2,498	510	1,135	1,371	2,274	554	533	1,472	574	656	39,605	541	51,656	251
Montana.....	274	1,686	1,185	738	478	2,079	1,228	811	114	1,838	371	946	11,683	1,056	20,604	535
Nebraska.....	441	1,746	1,194	544	727	1,938	847	637	211	2,106	312	715	27,066	594	55,506	207
Nevada.....	12	1,569	48	971	43	1,585	52	1,073	15	1,825	14	1,602	1,360	630	978	558
New Hampshire.....	44	1,775	153	694	44	1,529	96	798	27	1,958	49	1,194	1,857	731	2,448	576
New Jersey.....	75	1,442	282	858	168	1,684	245	979	46	1,736	61	1,442	2,439	761	2,802	666
New Mexico.....	286	1,379	953	619	359	1,580	737	730	124	1,762	293	584	19,520	265	16,133	294
New York.....	418	1,673	1,229	631	643	1,966	1,027	721	231	2,027	450	986	9,740	981	11,939	521
North Carolina.....	1,623	542	8,227	372	2,202	630	7,408	426	173	655	1,343	428	33,991	394	75,587	301
North Dakota.....	375	1,516	787	592	542	1,829	488	706	229	2,025	215	979	40,285	270	44,573	185
Ohio.....	456	1,280	718	556	415	1,375	408	685	210	1,722	161	833	20,052	574	17,039	313
Oklahoma.....	1,831	1,236	6,749	390	3,105	1,518	4,391	578	1,261	1,680	1,627	601	46,611	682	117,985	220
Oregon.....	282	1,229	455	748	404	1,392	370	961	134	1,645	179	1,120	7,747	922	8,691	480
Pennsylvania.....	400	1,294	710	612	615	1,643	644	737	225	1,598	231	792	9,428	822	8,957	441
Rhode Island.....	11	1,486	20	761	14	1,682	22	816	1	1,000	5	1,220	315	878	274	638
South Carolina.....	264	510	3,711	211	495	528	4,107	274	25	868	33	213	23,090	344	74,111	183
South Dakota.....	477	1,795	905	650	779	2,042	642	748	294	2,200	297	924	42,312	432	61,081	195
Tennessee.....	715	600	2,453	214	590	668	1,281	276	221	828	449	292	21,150	299	34,655	156
Texas.....	1,948	1,281	9,570	466	2,770	1,568	6,760	562	1,181	1,773	2,596	582	89,526	430	243,679	214
Utah.....	155	1,199	620	765	278	1,634	581	834	65	1,674	152	915	9,781	533	14,325	345
Vermont.....	59	1,606	162	480	82	2,028	121	669	58	2,199	61	1,384	2,081	1,000	2,974	390
Virginia.....	316	389	1,557	298	235	468	892	352	111	639	221	301	23,821	217	22,361	222
Washington.....	208	1,638	434	901	232	1,745	290	1,014	114	1,689	141	1,120	7,807	1,127	7,635	746
West Virginia.....	155	472	744	220	116	592	255	317	99	699	121	403	18,551	233	9,387	234
Wisconsin.....	917	1,625	1,177	615	1,050	1,788	1,050	733	374	1,827	443	729	22,507	839	15,716	381
Wyoming.....	198	1,806	1,066	868	361	2,030	1,016	954	81	2,048	238	1,022	7,713	1,190	19,363	542
Alaska.....	14	1,450	0	0	20	1,590	1	1,500	3	1,518	0	0	78	1,702	2	1,250
Hawaii.....	36	1,363	25	1,057	29	1,766	18	1,224	16	1,626	5	1,900	349	1,043	205	838
Puerto Rico.....	2,145	183	4,068	158	1,958	226	4,680	193	917	277	2,591	248	16,073	175	18,458	181
Virgin Islands.....	10	170	31	77	26	228	47	172	27	192	62	145	498	139	568	88

1/ Standard and nonstandard loans to individuals. Loans from state Rural Rehabilitation Corporati T ust funds and Water Facilities loans from "Loans, Grants and Rural Rehabilitation" funds are excluded. Cumulative through October 31, 1946, 3,963 initial Water Facilities loans averaging $480 and 1,060 supplemental Water Facilities loans averaging $363 have been made from "Loans, Grants and Rural Rehabilitation" funds.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

Table V - Rural Rehabilitation Loans of the Farm Security Administration, including Maturities and Collections, Cumulative through June 30, 1947 1/

State and territory	Loan advances to October 31, 1946	Matured principal	Collections			Ratio of total collections to loan advances	Ratio of principal repayments to matured principal
			Principal repayments 2/	Interest payments 3/	Total collections		
	1	2	3	4	5	6	7
U. S. Total.....	$1,026,814,240	$887,516,372	$785,267,430	$106,180,423	$891,447,853	86.8%	88.5%
Alabama.....	45,103,921	41,152,099	31,262,675	4,492,310	35,754,985	79.3	76.0
Arizona.....	3,905,682	3,604,914	3,240,866	446,171	3,687,037	94.4	89.9
Arkansas.....	47,391,348	43,252,332	36,737,407	3,938,003	40,675,410	85.8	84.9
California.....	19,160,418	17,660,680	14,459,699	2,094,659	16,554,358	86.4	81.8
Colorado.....	27,628,183	24,684,663	21,200,104	3,223,555	24,423,659	88.4	85.9
Connecticut.....	1,359,815	1,280,022	1,158,263	133,993	1,292,256	95.0	90.5
Delaware.....	784,001	501,052	423,335	72,098	495,433	63.2	84.5
Dist. of Columbia.	33,803	28,345	16,797	4,245	21,042	62.2	59.3
Florida.....	13,544,844	12,244,755	8,692,520	1,461,935	10,154,455	75.0	71.0
Georgia.....	42,234,510	38,259,493	29,507,169	4,021,497	33,528,666	79.4	77.1
Idaho.....	18,551,505	15,972,696	15,166,114	1,915,712	17,081,826	92.1	95.0
Illinois.....	21,881,277	18,270,205	17,299,717	2,546,492	19,846,209	90.7	94.7
Indiana.....	17,620,450	15,396,141	14,714,091	2,020,695	16,734,786	95.0	95.6
Iowa.....	25,795,196	21,348,317	21,179,627	2,881,547	24,061,174	93.3	99.2
Kansas.....	29,907,484	25,692,525	23,485,213	3,716,014	27,201,227	91.0	91.4
Kentucky.....	15,190,607	13,360,224	12,904,504	1,502,067	14,406,571	94.8	96.6
Louisiana.....	35,514,193	32,747,235	26,848,589	2,840,482	29,689,071	83.6	82.0
Maine.....	14,237,051	13,250,457	11,516,575	1,306,100	12,822,675	90.1	86.9
Maryland.....	4,264,862	2,987,524	2,560,735	375,298	2,936,033	68.8	85.7
Massachusetts...	2,011,774	1,741,008	1,485,105	200,119	1,685,224	83.8	85.3
Michigan.....	19,843,215	15,286,540	14,310,251	2,190,863	16,501,114	83.2	93.6
Minnesota.....	29,617,570	23,118,395	22,507,958	3,716,705	26,224,663	88.5	97.4
Mississippi....	48,928,802	44,837,293	36,530,649	4,047,830	40,578,479	82.9	81.5
Missouri.....	37,645,243	32,024,039	30,538,323	4,448,568	34,986,891	92.9	95.4
Montana.....	25,226,996	20,184,220	18,092,210	2,966,530	21,058,740	83.5	89.6
Nebraska.....	27,384,334	23,993,529	22,306,390	3,901,802	26,208,192	95.7	93.0
Nevada.....	1,727,641	1,540,116	1,395,747	207,182	1,602,929	92.8	90.6
New Hampshire...	2,654,364	2,133,664	1,833,475	346,248	2,179,723	82.1	85.9
New Jersey.....	4,025,761	3,264,210	2,408,061	385,011	2,793,072	69.4	73.8
New Mexico.....	10,163,532	8,344,096	7,193,316	941,920	8,135,236	80.0	86.2
New York.....	16,326,016	11,830,941	10,385,771	1,732,514	12,118,285	74.2	87.8
North Carolina..	38,286,920	35,599,018	33,006,331	2,514,193	35,520,524	92.8	92.7
North Dakota....	19,746,132	16,718,533	15,228,821	2,734,293	17,963,114	91.0	91.1
Ohio.....	18,666,731	16,234,425	15,052,845	2,431,592	17,484,437	93.7	92.7
Oklahoma.....	58,146,202	47,375,702	44,471,429	5,321,691	49,793,120	85.6	93.9
Oregon.....	12,679,418	10,823,643	9,937,120	1,239,912	11,177,032	88.2	91.8
Pennsylvania....	11,773,385	8,698,575	7,965,442	1,342,501	9,307,943	79.1	91.6
Rhode Island....	446,225	396,508	341,562	57,103	398,665	89.3	86.1
South Carolina..	23,017,311	20,744,364	16,049,604	2,292,159	18,341,763	79.7	77.4
South Dakota....	29,875,164	26,032,750	22,552,421	4,590,731	27,143,152	90.9	86.6
Tennessee.....	12,530,785	11,221,123	10,929,687	1,120,896	12,050,583	96.2	97.4
Texas.....	93,494,222	80,542,499	70,999,849	7,214,704	78,214,553	83.7	88.2
Utah.....	10,419,838	8,777,767	8,171,448	1,336,088	9,507,536	91.2	93.1
Vermont.....	3,238,567	2,581,100	2,414,244	371,477	2,785,721	86.0	93.5
Virginia.....	10,651,158	9,832,835	8,734,297	1,053,215	9,787,512	91.9	88.8
Washington.....	16,027,933	14,452,633	12,635,491	1,653,325	14,288,816	89.1	87.4
West Virginia...	6,422,639	5,870,272	5,363,483	1,113,100	6,476,583	100.8	91.4
Wisconsin.....	25,107,394	19,680,195	19,818,094	2,751,582	22,569,676	89.9	100.7
Wyoming.....	19,319,354	16,681,126	15,404,497	2,490,142	17,894,639	92.6	92.3
Alaska.....	430,152	130,882	117,193	62,798	179,991	41.8	89.5
Hawaii.....	540,397	395,012	390,025	48,280	438,305	81.1	98.7
Puerto Rico.....	6,194,417	4,652,206	4,247,850	348,640	4,596,490	74.2	91.3
Virgin Islands..	135,498	83,474	74,441	13,836	88,277	65.2	89.2

1/ Does not include $3,087,874 for Water Facilities loans from "Loans, Grants, and Rural Rehabilitation" funds.
2/ Includes $1,073,876 unapplied collections.
3/ Includes $119,319 unapplied collections.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

Table VI Emergency Crop and Feed, and Drought Relief Loans - Number and Approved Amount of Loans Made, Collected and Adjusted through June 30, 1947, and Balances Outstanding June 30, 1947 by Loan Years.

	Loans Made		Amount Collected (principal)	Percent Collected	Net Principal Adjusted Under Public Law 518		Balance Outstanding	
	Number	Amount			Number	Amount	Number	Amount
Emergency Crop Loans:								
1936 and Prior	2,772,569	$ 308,557,596	$ 237,399,298	76.9	104,555	$ 6,728,662	636,096	$ 64,429,636
Emergency Crop and Feed Loans:								
1937-1943	1,128,735	143,476,648	128,327,289	89.4	10,666	686,972	148,147	14,462,387
1944	98,513	18,439,761	17,608,713	95.5	112	6,667	6,893	824,381
1945	80,109	16,465,525	15,262,256	92.7	31	3,030	9,242	1,200,239
1946	78,126	16,853,500	14,440,185	85.7	5	388	16,090	2,412,927
1947	412	115,630	67,776	58.7	0	0	217	47,854
Total	4,158,463	503,908,660	413,105,517	82.0	115,369	7,425,719	816,685	83,377,424
Drought Loans, 1934-1935	300,614	72,008,540	41,043,370	57.0	14,992	2,998,896	138,112	27,966,274
Orchard Rehabilitation Loans, 1942	13	17,355	12,480	71.9	0	0	6	4,875
Grand Total	4,459,090	$ 575,934,555	$ 454,161,367	78.9	130,361 1/	$ 10,424,615 1/	954,803	$ 111,348,573

1/ Includes 4 loans and $747 write-offs under Public Law 731.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

Table VII - Rural Rehabilitation and Production and Subsistence Loan Applications from Veterans, Number of Adjustment Loans, and Average, 1946 and 1947 Fiscal Years

State and territory	1946 fiscal year					1947 fiscal year 1/					Applications on hand end of period
	Number of initial loan applications	Loans approved				Number of initial loan applications	Loans approved				
		Initial		Subsequent			Initial		Subsequent		
		Number	Average amount	Number	Average amount		Number	Average amount	Number	Average amount	
	1	2	3	4	5	6	7	8	9	10	11
U. S. Total.....	32,104	15,229	$1,597	1,772	$760	50,980	23,654	$1,275	4,427	$683	10,818
Alabama.....	802	283	710	24	284	1,691	736	559	112	225	285
Arizona.....	66	16	1,547	6	1,333	82	44	1,772	9	817	16
Arkansas.....	1,631	640	981	150	458	3,261	1,459	767	309	409	401
California.....	321	149	2,078	15	1,105	438	183	1,913	69	1,115	132
Colorado.....	706	268	1,790	36	1,296	863	485	1,766	168	715	89
Connecticut.....	34	14	1,409	0	0	36	14	2,002	6	867	0
Delaware.....	32	25	1,772	8	1,169	52	26	1,665	14	648	13
Florida.....	353	102	815	12	500	764	286	715	71	531	61
Georgia.....	649	144	848	23	679	2,474	753	763	121	255	277
Idaho.....	666	362	1,903	40	1,238	574	340	1,593	60	1,166	127
Illinois.....	502	239	1,767	15	709	848	487	1,887	54	682	147
Indiana.....	456	188	1,806	16	1,420	615	263	1,765	27	565	135
Iowa.....	680	389	2,026	50	664	920	557	1,741	67	719	157
Kansas.....	1,093	504	1,993	65	1,028	1,126	664	1,543	203	594	378
Kentucky.....	609	324	594	84	465	1,549	898	594	76	345	44
Louisiana.....	748	277	1,042	26	721	1,860	625	942	73	792	259
Maine.....	266	155	1,740	15	1,072	350	176	1,737	44	1,068	80
Maryland.....	153	77	1,958	15	845	233	86	1,583	16	1,252	60
Massachusetts...	49	29	1,752	4	725	95	37	1,707	11	1,505	18
Michigan.....	975	612	1,720	77	1,047	952	583	1,726	112	1,078	301
Minnesota.....	1,202	751	1,958	47	929	1,429	810	1,736	84	919	215
Mississippi.....	1,105	418	746	74	284	2,571	1,161	991	118	331	464
Missouri.....	1,701	786	1,479	110	900	2,913	1,192	1,454	191	624	958
Montana.....	622	252	2,140	16	588	656	403	1,802	196	1,082	179
Nebraska.....	1,048	485	2,099	51	1,059	1,015	607	1,728	113	754	286
Nevada.....	59	11	2,575	2	1,750	63	34	1,917	4	1,306	8
New Hampshire...	82	29	1,805	4	1,200	77	37	1,540	12	1,016	34
New Jersey.....	128	99	1,787	6	1,348	154	113	1,828	35	1,460	20
New Mexico.....	537	247	1,699	36	616	600	259	1,376	89	556	274
New York.....	538	299	2,122	14	1,455	560	308	1,560	138	1,121	302
North Carolina..	558	323	659	50	327	2,202	896	616	103	272	24
North Dakota....	918	458	2,019	33	941	1,248	611	1,802	92	841	281
Ohio.....	385	214	1,469	25	966	691	383	1,671	54	732	113
Oklahoma.....	3,656	1,652	1,606	168	688	3,890	1,807	1,212	388	594	1,627
Oregon.....	330	134	1,781	18	1,143	278	158	1,558	35	899	69
Pennsylvania....	558	350	1,549	19	828	798	294	1,459	76	943	312
Rhode Island....	15	5	1,420	0	0	3	2	1,250	0	0	1
South Carolina..	354	144	529	8	212	1,683	427	491	50	186	50
South Dakota....	1,106	652	2,133	35	1,379	1,296	940	1,879	138	831	205
Tennessee.....	463	193	671	32	488	1,516	667	708	61	427	162
Texas.....	3,531	1,542	1,655	216	574	4,774	1,884	1,247	522	557	1,344
Utah.....	311	158	1,710	14	922	308	205	1,452	53	992	49
Vermont.....	68	39	2,200	5	1,255	147	64	1,772	36	1,046	63
Virginia.....	160	91	624	8	374	565	237	648	33	563	24
Washington.....	250	102	1,974	10	1,210	288	132	1,737	28	895	87
West Virginia...	156	75	799	9	273	348	223	719	22	542	33
Wisconsin.....	967	584	1,847	52	1,021	1,387	680	1,812	94	801	527
Wyoming.....	393	229	2,314	26	1,048	353	287	1,854	81	1,183	53
Alaska.....	7	4	1,875	0	0	7	4	2,500	1	2,000	2
Hawaii.....	9	4	2,212	0	0	13	6	1,804	0	0	6
Puerto Rico.....	95	41	428	3	248	292	119	324	18	240	66
Virgin Islands..	1	1	940	0	0	2	2	312	0	0	0

1/ In addition, 11,927 Annual loans for $3,946,394 were made to veterans from November 1, 1946 through June 30, 1947.

(d) Water Facilities, Arid and Semi-Arid Areas

Appropriation Act, 1948	$1,750,000
Budget Estimate, 1949	1,750,000
Change, 1949	--

PROJECT STATEMENT

Project	1947	1948 (estimated)	1949 (estimated)	Increase or Decrease
1. Salaries and expenses	$240,734	$237,960	$241,200	+ 3,240
2. Loans	1,503,556	1,512,040	1,508,800	- 3,240
Unobligated balance	5,710	--	--	--
Total appropriation or estimate	1,750,000	1,750,000	1,750,000	--

Note: The 1949 Budget contemplates the shift of $3,240 within this appropriation from "Loans" to "Salaries and expenses" for within-grade salary advancements.

ITEMIZATION OF APPROPRIATION ESTIMATES

Appropriation: Development of Water Facilities, Arid and Semiarid Areas

Funds Available for Obligation

Item	Estimate, 1948	Budget Estimates, 1949	Increase(+) or decrease(-)
Appropriation or estimate	$1,750,000	$1,750,000	--
Total obligations	1,750,000	1,750,000	--
Obligations by Objects			
Standard Classification			
01 Personal services	188,812	192,052	+$3,240
02 Travel	43,038	43,038	--
03 Transportation of things	360	360	--
04 Communication services	450	450	--
07 Other contractual services	2,680	2,680	--
08 Supplies and materials	2,620	2,620	--
16 Investments and loans	1,512,040	1,508,800	- 3,240
Total obligations	1,750,000	1,750,000	--

STATUS OF PROGRAM

Current activities: Pursuant to the Pope-Jones Act of August 28, 1947, loans are made to aid in the effective development and utilization of limited agricultural water supplies in the arid and semi-arid areas of seventeen Western States. Economic insecurity in many Western areas result from low agricultural production caused by lack of adequate water for crop irrigation and for livestock and domestic uses. The 1940 Census estimates that an additional 10,000,000 acres of land in the area could be irrigated. In addition, there is need for assistance to farmers and small irrigation companies in areas presently irrigated to make repairs or improvements to existing facilities. Applications for assistance in the development and utilization of water facilities during recent years have been almost twice the number of loans that could be made. The major activities under this program are:

1. Loan Making:
Loans are made to individual farmers or ranchmen, or to groups of from two to one hundred or more farmers when water resources are limited or costly for the individuals to develop alone.

(a) Farmstead loans are made to provide adequate water supplies close to the farm buildings for household use, for livestock, and for garden production, by installing new facilities such as wells, ponds and cisterns with appurtenant equipment or by improvements to existing facilities.

(b) Irrigation loans are made to provide new facilities or to develop or improve existing facilities for supplying water for crop production. The types of facilities developed vary with the needs of the locality. Examples of principal types of facilities provided in some of the areas are:

(1) Large water wells including pumping plants and farm distribution systems in Nebraska, Western Kansas, Eastern Colorado, Oklahoma, the Panhandle of Texas, Eastern New Mexico, and the Central Valley of California.

(2) Low capacity pumps and sprinkler systems to irrigate dairy pastures during the drought months of August and September in Western Oregon and Washington.

(3) Small storage reservoirs, dams, distribution systems and wells to provide supplemental water on presently irrigated land in the intermountain states.

2. Technical Assistance:
   (a) Engineering assistance is given in planning and installing both the farmstead and irrigation facilities. This assistance is essential to assure repayment of the loans and efficient service of the installations.

   (b) Farm and home management guidance is provided as needed to assist in profitable utilization of the facilities.

Significant Data Showing Progress: Among the recent accomplishments of the Water Facilities Program are the following:

1. Number of initial loans made during the fiscal years 1945, 1946, 1947:

Fiscal Year	Farmstead loans		Irrigation loans		Number families served
	Individual	Group	Individual	Group	
1945	836	2	166	4	1,220
1946	851	4	205	3	1,330
1947	471	12	245	3	1,194

2. Loan advances and repayments, cumulative to June 30, 1947:

Loan Advances	Matured principal	Principal repayments	Interest repayments
$7,215,275	$3,372,332	$3,455,025	$408,640

Percent of matured principal collected is 102.5%. See Table I for information by states.

3. Water facilities completed or under construction through June 30, 1947:

Description	Water facilities completed or under construction	
	Fiscal Year 1947	Cumulative to June 30, 1947
Stock watering facilities		
Number of ponds	17	647
Number of wells	442	4,084
Number of springs developed	17	179
Other facilities	14	1,711
Irrigation facilities		
Number of dams	7	267
Number of wells	149	1,080
Number of pumps	50	1,216
Number of distribution systems	17	1,618
Other facilities		
Diversion and others	39	925
Total facilities completed or under construction as of June 30, 1947	752	11,727*

* This does not include 8,638 pumps, windmills, and tanks previously reported where these facilities were installed in connection with some of the facilities included in the above tabulation.

4. Economic progress of borrowers receiving loans for water facilities is indicated by the change in financial status since the water facilities have been installed. The following table shows this change for borrowers who installed on their present farms facilities prior to 1942.

	Year prior to installation	December 31, 1946	Percent increase or decrease
Assets	$6,969	$11,897	+70.7%
Liabilities	3,123	2,718	-13.0
Net worth	3,846	9,179	+138.7
Value of machinery, equipment and workstock	948	1,910	+101.5%

5. Increased production made possible by the installation of irrigation facilities is shown in part by the following information for borrowers on the program in 1946.

	Crop year before installation	1946 crop year	Percent increase
Forage, yield per acre, tons	1.8	2.7	50.0
Small grain, yield per acre, bu.	18.5	30.5	65.9
Corn, yield per acre, bu.	27.4	41.0	49.6
Eggs sold per farm, dozen	863	952	10.3
Dairy products sold per farm, gal.	3,995	4,725	18.3

STATEMENT OF OBLIGATIONS UNDER SUPPLEMENTAL FUNDS

Item	Obligations, 1947	Estimated Obligations, 1948	Estimated Obligations, 1949
Farm Tenant-Mortgage Insurance Fund: Revolving fund for payments with respect to insured mortgages under Section 12 and 13 of the Farmers' Home Administration Act of 1946...	--	--	$ 4,000
Payments in Lieu of Taxes and for Operation and Maintenance of Resettlement Projects: Trust fund receipts from operations of resettlement and rural rehabilitation projects, which are made available for payments in lieu of taxes to taxing bodies and for operation and maintenance of such projects.....	$431,771	$342,500	214,720
State Rural Rehabilitation Corporation Funds: Trust funds of State RR Corporations made available to the Department for rural rehabilitation purposes within the several states, as follows:			
Salaries and expenses.....	1,128,526	1,167,870	1,043,275
Rural rehabilitation projects.....	23,711	5,830	3,725
Loans.....	13,115,535	8,600,000	8,100,000
Total state corporation funds.....	14,267,772	9,773,700	9,147,000
Drainage District Assessments on Acquired Lands: Trust funds received from vendors of land as a reserve fund to provide for the payment of drainage assessments against said land:	16,360	6	6

(Continued on next page)

Item	Obligations, 1947	Estimated Obligations, 1948	Estimated Obligations, 1949
Liquidation of Deposits, Reserve for Maintenance and Repairs, Lease and Purchase Contracts: Trust funds received from purchasers of property as a reserve fund to provide for maintenance and repair of such property in accordance with the lease and purchase agreement.....	550	6	- -
Liquidation of Deposits, Lease and Purchase Contracts: Trust funds received as deposits toward purchase price of property sold under lease and purchase agreements, available for refund upon conversion of the agreement to a deed or for application against the deed obligation..	121,810	20,000	5,000
Unclaimed Moneys of Individuals Whose Whereabouts are Known: Trust funds received through deposit of small sums of excess repayments of loans, available for refund upon submission of individual claims.....	- -	50	50
Penalty Mail Costs (Allotment to Farmers' Home Administration: For cost of penalty mail as required by the Act of June 28, 1944 (39 U.S.C. 321 d).....	182,809	210,000	230,750
TOTAL, OBLIGATIONS UNDER SUPPLEMENTAL FUNDS.....	15,021,072	10,346,262	9,601,526

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

Table I - Water Facilities Loans, Maturities and Collections, Cumulative as of June 30, 1947 1/

State	Cumulative loan obligations 2/	Cumulative loan advances 2/	Cumulative matured principal	Cumulative repayments on principal	Cumulative interest payments	Ratio of total collections to loan advances	Ratio of principal repayments to matured principal
	1	2	3	4	5	6	7
U. S. Total.....	$7,474,134	$7,215,275	$3,372,332	$3,455,025	$408,640	53.6%	102.5%
Arizona.....	230,905	219,883	78,162	77,168	15,444	42.1	98.7
California.....	441,985	440,078	213,617	219,502	24,166	55.4	102.8
Colorado.....	441,521	423,308	198,983	201,566	30,364	54.8	101.3
Idaho.....	781,456	701,419	284,165	303,134	58,761	51.6	106.7
Kansas.....	194,731	197,348	100,129	95,287	7,171	51.9	95.2
Montana.....	327,864	293,637	92,965	99,741	14,442	38.9	107.3
Nebraska.....	338,850	337,135	186,805	194,718	15,800	62.4	104.2
Nevada.....	108,849	105,825	43,775	22,695	3,219	24.5	51.8
New Mexico.....	275,239	263,774	125,131	122,069	10,434	50.2	97.6
North Dakota....	103,605	100,070	60,803	64,959	4,175	69.1	106.8
Oklahoma.....	415,952	401,282	227,070	237,767	20,886	64.5	104.7
Oregon.....	426,599	410,467	198,139	205,215	26,300	56.4	103.6
South Dakota....	152,689	151,693	79,860	76,105	5,708	53.9	95.3
Texas.....	1,677,111	1,693,261	899,042	910,052	79,753	58.5	101.2
Utah.....	708,227	619,109	165,871	190,809	39,295	37.2	115.0
Washington.....	369,086	370,115	171,752	184,079	18,508	54.7	107.2
Wyoming.....	479,465	486,871	246,063	250,159	34,214	58.4	101.7

1/ Includes Water Facilities loans to individuals and groups.
2/ Amounts reflected are cumulative obligations from inception of the program. Includes $3,087,874 obligated from "Loans, Grants, and Rural Rehabilitation" funds. Loan advances represent charges to borrowers' account. The difference represents unliquidated obligations, unposted advances, and non-cash advances.

PASSENGER MOTOR VEHICLES

The estimate for the Farmers' Home Administration for 1949 contemplates the purchase of 16 passenger motor vehicles under the appropriations "Farmers' Home Administration", and "Development of Water Facilities, Arid and Semiarid Areas". The estimated mileage of the 16 cars to be replaced is as follows:

5 cars over 125,000 miles
7 cars over 100,000 miles
4 cars over 85,000 miles

The net cost of replacing these 16 passenger motor vehicles is estimated at $14,240, based on a net average cost of $890 per vehicle.

During the fiscal year 1948 a total of 108 cars were in use by the Farmers' Home Administration for rural travel by field personnel where common carrier is not available or practicable. The total number of cars is being reduced to an estimated 54 in 1949.

PENALTY MAIL
Sec. 2, Public Law 364, 78th Congress
(Allotment to Farmers' Home Administration)

	1947	1948	1949	Increase(+) or decrease(-), 1949 over 1948
Category 1	$5,484	$6,300	$6,900	+$600
Category 2	177,325	203,700	223,850	+20,150
Total	182,809	210,000	230,750	+20,750(1)

(1) The increase of $20,750 for 1949 consists of the following:

(a) An increase of $15,750 for the purpose of providing sufficient funds with which to meet increased costs to the Post Office Department of handling penalty mail. The Post Office Department has advised that payments into the Treasury for costs of handling penalty mail in 1949 will be at the rate of $20 per thousand pieces of mail, an increase of $1.40 per thousand over the 1948 rate applicable to 1948 mailings.

(b) An increase of $5,000 to provide for mailings required in connection with the making and servicing of an additional 40,800 loans to be made in 1949.

(Continued on next page)

Category 1 consists of (a) bulletins, pamphlets, and other publications which are used in answering inquiries from individual farmers or other persons as to the nature of the programs carried on by Farmers' Home Administration and (b) Departmental publications which are used in answering requests for technical information in certain types of farming operations. Mailings of this type are made from approximately 1,900 different offices.

Category 2 consists of billings and other types of mailings to borrowers, daily mailings by each county office transmitting collections to the Treasury, mailings of loan vouchers, dockets, and copies of collection documents, correspondence with vendors in connection with contracts, purchase orders, vouchers, etc., and correspondence between field offices, and between the National Office and field offices.

RURAL ELECTRIFICATION ADMINISTRATION

Summary of Appropriations, 1948 and Estimates 1949

Item	Total estimated available, 1948	Budget estimates, 1949	Increase (+) or decrease (-)
Administrative expenses	$5,000,000	$5,000,000	- -
Loans	225,000,000	300,000,000	+$75,000,000
Total	230,000,000	305,000,000	+75,000,000
Deduct authorization to borrow from Secretary of the Treasury	225,000,000	300,000,000	+75,000,000
Total appropriation	5,000,000	5,000,000	- -

(a) Salaries and Expenses

Appropriation Act, 1948	$5,000,000
Budget Estimate, 1949	5,000,000
	- -

(b) Loans

Appropriation Act, 1948, authorization to borrow from Secretary of the Treasury	$225,000,000
Budget Estimate, 1949, authorization to borrow from Secretary of the Treasury	300,000,000
Increase	+75,000,000

COMBINED PROJECT STATEMENT

	1947	1948 (estimated)	1949 (estimated)	Increase(+) or decrease(-)
1. Project development and lending activities	$1,114,060	$1,037,869	$1,037,869	--
2. Construction and technical operating assistance	1,453,994	1,267,669	1,267,669	--
3. Management assistance to cooperatives	838,399	762,189	762,189	--
4. Auditing, loan accounting and collecting	1,116,019	1,060,019	1,060,019	--
5. Technical standardization	150,309	144,150	144,150	--
6. Internal administrative services	502,643	430,927	430,927	--
7. General administration	352,333	297,177	297,177	--
Unobligated balance	21,300	--	--	--
Total available	5,549,057	5,000,000	5,000,000	--
Transferred to "Salaries and Expenses, Office of Information, Department of Agriculture"	+943	--	--	--
Transferred from "Exportation and Domestic Consumption of Agricultural Commodities, Department of Agriculture" (For Pay Act Costs)	-550,000	--	--	--
Total appropriation or estimate, salar- and expenses	5,000,000	5,000,000	5,000,000	--
8. Loans: Authorization to borrow from Secretary of the Treasury	250,000,000	225,000,000	300,000,000	(1) +$75,000,000

INCREASE

(1) An increase of $75,000,000 in borrowing authorization is requested for the fiscal year 1949 for loans.

A loan authorization of $300,000,000 is the absolute minimum required for the fiscal year 1949 if the rural electrification program is to make its maximum contribution to food production and to rural welfare:

1. The insistent demand of 2-1/4 million unserved farm families for electric service is resulting in a very heavy backlog of loan applications.

2. The increasing availability of line construction materials makes possible the continuing rate of increase in construction progress during the fiscal year 1949.

3. Sharply increasing use of electricity on farms requires expansion in capacity of existing rural power systems.

4. Increased usage of electricity has led to acute power shortages in many rural areas and the need for additional generation and transmission facilities.

Demand for loans greatly exceeds loan funds. Up to November 28, 1947, applications on hand and in process already exceeded available loan authorizations by $137,000,000. In addition, applications continue to be made at the rate of between $20,000,000 and $30,000,000 per month. These figures are not, however, a true indication of the dammed up demand of farm people for electric service, because a shortage of loan funds tends to slow down the rate at which applications are made. Knowing that their applications cannot be satisfied from present funds, many cooperatives actually discourage membership applications to avoid the disappointment resulting from long delays in getting service to applicants. Virtually all the 2-1/4 million unserved farm families and a like number of rural people other than farmers want electricity as rapidly as they can get it.

Improvement in material situation also indicates the necessity for additional loan funds in 1949. Materials and labor are more readily available than they were twelve months or even six months ago. On some items immediate delivery can be obtained; on others, twelve to eighteen months is still required. Availability of steel continues to be the most important factor in the production rate of most power line material. The best index of net improvement in the material situation is the rate at which borrowers draw on their loans. During the fiscal year 1946, they drew $87,000,000. During the fiscal year 1947, they drew $190,000,000. In the present fiscal year they are drawing at a rate which indicates advances of $300,000,000. Advances for the fiscal year 1949 are conservatively estimated at $320,000,000.

Use of power by rural people is growing tremendously, producing a great need for cooperatives to increase the capacity of their systems. The number of consumers served by REA-financed lines has approximately doubled since 1941, but the amount of power used by connected consumers has increased more than four times. In addition, new consumers must be provided for, both on existing lines and on lines being built into new areas. As a result, virtually all cooperatives are having to increase their system capacity such as by multiphasing their lines and increasing their substations, far sooner than had been anticipated and are consequently applying for substantially larger loans to expand their present facilities.

The acute national power shortage is affecting rural people perhaps more than any other segment of the population. This has led to a sharply increased demand from the cooperatives for funds to finance their own generating plants. REA has adhered to a policy of financing generating plants only when adequate sources of power were not available or when wholesale power costs were unreasonably high. As the power shortage grows, the number of generating plant loan applications that meet the first of these qualifications increases sharply. Applications from those areas having no power or inadequate power must be given increasing consideration if those areas are to enjoy the benefits of the rural electrification program.

CHANGES IN LANGUAGE

The estimates include proposed changes in the language as follows (new language underscored, deleted matter enclosed with brackets):

Change No.

To carry into effect the provisions of the Rural Electrification Act of 1936, approved May 20, 1936, as amended (7 U.S.C. 901-915,
1 as amended by the Act of July 30, 1947 (Public Law 266)), ******
2 [Sections 3(a) and 3(f) of the Rural Electrification Act of 1936, approved May 20, 1946, as amended (7 U.S.C. 901-915), are hereby amended to read as follows:

"SEC. 3. (a) The Secretary of the Treasury is hereby authorized and directed to make loans to the Administrator, upon the request and approval of the Secretary of Agriculture ********** all moneys representing payments of principal and interest on loans made by the Administrator shall be covered into the Treasury as miscellaneous receipts."]

The first change inserts reference to the amendments to Sections 3(a) and 3(f) of the Rural Electrification Act of 1936 contained in the 1948 Agricultural Appropriation Act with respect to the authorization to borrow loan funds from the Secretary of the Treasury rather than from the Reconstruction Finance Corporation.

The second change deletes the language in the 1948 Agricultural Appropriation Act amending sections 3(a) and 3(f) of the Rural Electrification Act, as amended. These amendments authorize the Secretary of the Treasury to make loans to the Administrator in such amounts as the Congress may from time to time determine, provide that unpaid balances of loans made to the Administrator by the Reconstruction Finance Corporation prior to July 1, 1947 shall be transferred to the Secretary of the Treasury, and require that interest and principal on such loans shall be paid to the Secretary of the Treasury.

ITEMIZATION OF ESTIMATES

Funds Available for Obligation

Item	Estimate, 1948	Budget Estimates, 1949	Increase (+) or decrease (-)
Salaries and Expenses:			
Appropriation or estimate	$5,000,000	$5,000,000	- -
Total available for obligation, salaries and expenses	5,000,000	5,000,000	- -
Loans:			
Prior year Reconstruction Finance Corporation loan authorization available	6,992,126	- -	-$6,992,126
Prior year loan authorization from Secretary of the Treasury available	- -	6,000,000	+ 6,000,000
Received by loan from Secretary of the Treasury ...	225,000,000	300,000,000	+75,000,000
Total available for obligation loans	231,992,126	306,000,000	+74,007,874
Balance of loan authorization from Secretary of the Treasury available in subsequent year .	6,000,000	10,000,000	+4,000,000
Total obligations	225,992,126	296,000,000	+70,007,874
Obligations by Objects:			
Salaries and Expenses:			
01 Personal services	$4,019,000	$4,019,000	- -
02 Travel	738,000	738,000	- -
03 Transportation of Things .	20,000	20,000	- -
04 Communication services ...	76,000	76,000	- -
05 Rents and utility service .	11,000	11,000	- -
07 Other contractual services	56,000	56,000	- -
08 Supplies and materials ...	60,000	60,000	- -
09 Equipment	20,000	20,000	- -
Total obligations, salaries and expenses	5,000,000	5,000,000	- -
Loans:			
16 Investments and loans	225,992,126	296,000,000	+70,007,874
Total obligations, loans	225,992,126	296,000,000	+70,007,874

STATUS OF PROGRAM

Current Activities: The size of the program is at least three times larger than before the war The magnitude of the job is reflected in each of the three major activities of the Administration. These are:

1. Making Loans. Reflecting the fact that 4,180,000 rural dwelling units were still without electric service, the backlog of loan applications on hand and in process in July 1947 amounted to $295,000,000. During the present fiscal year applications have continued to be received at the rate of $20,000,000 to $30,000,000 per month. By next July 1 the backlog of applications will amount to approximately $300,000,000.

The 4,180,000 unserved rural dwelling units includes the dwelling units on $2\frac{1}{4}$ million unelectrified farms. It does not include any of the thousands of unserved non-dwelling units in rural areas such as rural industries, churches, schools and numerous other potential consumers.

Rural people who are now awaiting electric service feel entitled to participate in the benefits already obtained under the Rural Electrification Act by more than 2 million rural consumers. Because areas relatively easy to serve have for the most part been electrified, the job ahead is more difficult than what has been done so far. Only a policy of full area coverage, which is a fundamental part of the rural electrification program, gives assurance that the remaining unserved farms and other rural units will ultimately get power.

2. Supervising Construction. REA borrowers are in the midst of the greatest line construction program in history. As materials become available in greater quantities during the present fiscal year, it is expected that borrowers will be able to bring service to approximately 400,000 new consumers.

REA's responsibility in the construction program is of an advisory nature. Borrowers are given advice and assistance in the design and construction of electric facilities to insure that the Government loan funds are expended properly and that facilities which constitute the legal security for loans shall conform to the highest engineering standards and thus assure satisfactory economical service to consumers.

3. Safeguarding the Government Loans. REA has the responsibility for servicing and otherwise safeguarding through advice and assistance a billion dollars worth of Government loans which borrowers have invested in nearly 1,000 utility systems operating in 46 States and two Territories. The real security of the Government in these systems is based on satisfactory and efficient operation of the properties.

The great bulk of the Administration's loans has been made to farmer cooperatives whose actual experience in the electric utility business is limited wholly to that gained in operations ranging from a few months to at most about ten years. The cooperatives, except for a small number, need assistance of the kind they obtain from REA if they are successfully to meet the problems arising from the rapid growth of their systems during the last few years.

Operational Data and Selected Examples of Progress:

1. Loans. During the 1947 fiscal year, REA approved loans totaling $254,000,000. Loan approvals during the 1948 fiscal year will amount to about $226,000,000. The cumulative total of loans in the 13 years of the program will amount to approximately $1,294,000,000 at the end of this fiscal year of which $770,000,000 will have been loaned in the last three fiscal years.

2. Advances of Funds. Funds advanced to rural electric cooperatives and other REA borrowers on their loan contracts during the fiscal year 1947 amounted to $190,000,000, more than double the amount during the preceding year and almost double the previous high figure of 1940. Funds are advanced to borrowers only as they have need of them to pay for construction, labor and materials. The sharp increase in advances, therefore, indicates that the supply of materials is constantly improving, promising new consumer connection records in 1948 and 1949. Based on the current rate of increase in the advances and taking into account the improved material and labor situation, there is good reason to believe that advances of funds in the 1948 fiscal year will be approximately $300,000,000. This exceeds the loan authorization for 1948 by $75,000,000.

3. In terms of consumers connected, the fiscal year 1948 without question will be the largest in the history of the rural electrification program. The best year on record up to that time was 1947 when REA borrowers brought service to 294,294 consumers, bringing the cumulative total since the start of the program to 1,843,000. Borrowers are currently bringing electric service to an average of 32,000 new consumers each month and are expected to be serving a total of 2,200,000 by June 30, 1948.

4. Power Consumption. Consumers on REA-financed lines continue to use more power per consumer as more appliances and electrical equipment become available and as farmers learn more about the uses of electricity in farm production. In 1941, annual power consumption on REA-financed lines averaged 827 kilowatt hours per consumer. In 1946 it was 1,542 kilowatt hours and in 1947, power consuption per consumer rose to an annual total of 1,686 kilowatt hours. The increase is so great that it has resulted in overloading of many systems and power shortages are increasing in number and severity.

5. Growth of Size of Borrowers. In 1940 the typical borrower had an investment of $351,000 and had a distribution system of 370 miles of line to serve 872 consumers. The average REA borrower is now operating a million dollar business. An average distribution system in 1947 had 615 miles of line and served 2,075 consumers. Along with these increases have come increases in the number of consumers connected per mile of line, in the average monthly energy consumption, and in revenue per mile; and a decrease in the percentage of consumers paying minimum bills.

6. Administration of the Program. The Administration constantly keeps foremost its responsibility to protect the Government's security for its loans and to further the objectives of rural electrification. Within these limits, every effort has been made to devise methods and effect economies that will enable the limited staff available to do the best possible job. Two measures which have helped in this and which are now being greatly accelerated are:

(1) Efforts to simplify further or eliminate work procedures, and

(2) the policy of transferring to the more experienced borrowers an increasing amount of the activities that in the beginning had to be assumed by REA.

The program is at least three times larger than the peak pre-war year. The staff of the agency, however, is smaller than before the war. Notwithstanding efforts toward simplification and elimination of activities, this situation is creating many critical problems. As the program expands the work load per employee is continuing to grow and problems of backlogs and delays are being experienced more and more frequently.

An additional problem is that arising from the loss of an unusually large number of the highly trained professional personnel of the agency during this fiscal year Many of these people who had been with REA for several years have left to take more attractive positions with private industry.

7. REA-Borrower Relationships. Because of the expanded program, the limited staff and the speeded-up curtailment of counsel and advice to its borrowers, REA is assisting borrowers with only the most difficult and urgent operating and management problems. Less urgent problems are developing that are necessarily being by-passed for the time being. It must be recognized that such cases may lead later to loan repayment problems for the borrowers and administrative difficulties for REA.

8. Rural Electrification Progress. As of June 30, 1947, central-station electric service was in use on 61 percent of the Nation's farms. This is an increase of 50 percent since 1935, when the Rural

Electrification Administration was established. From 1935 to the end of the fiscal year 1947, REA borrowers had placed 546,781 miles of line in operation and had brought service to 1,843,351 consumers. Of the 1,019 borrowers, 939 were cooperative non-profit enterprises, 60 were public bodies and 20 were commercial power companies.

The cumulative figures presented in the following tables show the progress of the rural electrification program since its inception in May 1935:

LOANS

Table No. I

Date	Total Net Loans All Purposes	Miles to be Constructed (Loan Estimate)	Consumers to be Served (Loan Estimate)
June 30, 1936	$ 13,903,412	13,072	48,997
June 30, 1937	58,936,217	54,407	193,529
June 30, 1938	88,172,426	80,951	282,808
June 30, 1939	227,236,949	209,818	724,999
June 30, 1940	268,972,949	251,642	854,823
June 30, 1941	369,027,621	356,053	1,171,867
June 30, 1942	460,180,345	409,490	1,345,107
June 30, 1943	466,881,323	414,287	1,358,114
June 30, 1944	498,811,447	448,889	1,438,567
June 30, 1945	564,968,184	507,105	1,581,431
June 30, 1946	817,086,990	674,742	2,088,127
June 30, 1947	1,068,436,162	811,019	2,484,503

CONSTRUCTION

Table No. II.

DATE	FUNDS ADVANCED	MILES ENERGIZED	CONSUMERS CONNECTED	TOTAL KWH BILLED
June 30, 1936	$ 823,262	400	693	a/
June 30, 1937	11,864,836	8,000	19,611	a/
June 30, 1938	60,040,810	41,736	104,528	a/
June 30, 1939	122,337,824	115,230	268,000	a/
June 30, 1940	221,287,287	232,978	549,604	a/
June 30, 1941	296,395,142	307,769	779,561	566,422,777
June 30, 1942	354,616,010	369,129	981,193	893,461,286
June 30, 1943	369,152,582	381,747	1,041,821	1,460,460,571
June 30, 1944	387,630,670	397,861	1,152,031	1,791,607,706
June 30, 1945	427,566,738	424,072	1,287,347	2,066,121,706
June 30, 1946	514,819,844	474,837	1,549,057	2,185,149,697
June 30, 1947	704,905,701	546,781	1,843,351	2,861,024,042

a/ not available

As shown above the 889 borrower systems actually in operation during the fiscal year 1947 distributed approximately 2,800,000,000 kilowatt hours of electric power for which consumers paid over 100 million dollars. The average wholesale rate for electric power purchased by Rural Electrification Administration borrowers is shown in the following tabulation:

AVERAGE WHOLESALE RATE

Table No. III.

FISCAL YEAR	RATE PER KWH (Cents)	FISCAL YEAR	RATE PER KWH (Cents)
1939	1.21	1943	0.83
1940	1.09	1944	0.84
1941	1.00	1945	0.82
1942	0.94	1946	0.88 (a)

(a) The increase in 1946 reflects a decrease in a large wartime industrial load.

The folliwing table presents averages for REA-financed systems by age groups, based on the average age of the miles of distribution line comprising the systems. The development of these systems with increased operating experience is illustrated by the trends shown. It will be noted that on the average, as the systems become older, there is an increase in the number of consumers connected per mile of line, the average monthly energy consumption, and revenue per mile, and a decrease in the proportion of consumers paying minimum bills.

OPERATING STATISTICS OF REA-FINANCED SYSTEMS BY AGE GROUPS
MEDIANS, DECEMBER 1946

Table No. IV.

Age Class (Months)	Average Age (Months)	Systems Included	Consumers Per Mile	KWH Per Residential Consumer	Percent Minimum Bills	Revenue Per Mile
1-36	22	86	2.65	71	25	$13.25
37-48	44	71	2.70	68	26	12.78
49-60	56	156	2.88	77	23	13.95
61-72	66	220	2.94	89	20	14.35
73-84	77	180	3.22	108	16	16.54
85-96	89	84	3.61	120	14	19.68
97 & over	100	28	4.05	137	11	23.84
All systems	66	825	3.13	90	20	15.14

STATEMENT OF OBLIGATIONS UNDER SUPPLEMENTAL FUNDS

Item	Obligations, 1947	Estimated obligations, 1948	Estimated obligations, 1949
Working Fund Agriculture, Rural Electrification Administration: Special allowances to employees incident to their return to Washington, D. C. from St. Louis, Missouri.....	$34,719	$8,428	- -
Penalty Mail Costs (Allotment to Rural Electrification Administration): For cost of penalty mail as required by the Act of June 28, 1944 (39 U.S.C. 321 d).....	13,587	21,000	$22,575
Cooperation with American Republics (Transfer from State Department): For intern training program of Latin-American engineers in rural electrification.....	18,400	- -	4,708
TOTAL, OBLIGATIONS UNDER SUPPLEMENTAL FUNDS.....	66,706	29,428	27,283

PASSENGER MOTOR VEHICLES

The amount of $1,000 is estimated as the cost of hiring motor vehicles during the fiscal year 1949. The estimate is based on previous experience which indicates that members of the staff are occasionally required to perform travel in rural areas where common carrier facilities are not available. Motor vehicles are usually obtained from other bureaus of the Department of Agriculture to perform such travel. However, Government vehicles are not always available and it becomes necessary to resort to other sources.

PENALTY MAIL ESTIMATE
Sec. 2, Public Law 364, 78th Congress
(Allotment to Rural Electrification Administration)

	1947	1948	1949	Increase(+)or decrease(-), 1949 over 1948
Category 1.....	$5,990	$9,765	$10,500	+$735
Category 2.....	7,597	11,235	12,075	+ 840
Total.....	13,587	21,000	22,575	+1,575 (1)

(1) The increase of $1,575 for 1949 is for the purpose of providing sufficient funds with which to meet increased costs to the Post Office Department of handling penalty mail. The Post Office Department has advised that payments into the Treasury for costs of handling penalty mail in 1949 will be at the rate of $20.00 per thousand pieces of mail, an increase of $1.40 per thousand over the rate applicable to 1948 mailings.

- - - - - - -

Category 1 consists of the distribution of Rural Electrification News, leaflets, miscellaneous publications, etc., to cooperatives, individuals and organizations as requested, and for furnishing data on the rural electrification program.

Category 2 consists of billings on loans, operating reports, forms and regulations, correspondence with rural electrification cooperatives, general administrative correspondence, and operational mailings necessary to carry on the functions of the Rural Electrification Administration.

SUGAR RATIONING ADMINISTRATION

The Congress, by enactment of the Sugar Control Extension Act of 1947, Public Law 30 (approved March 31, 1947), continued the Emergency Price Control Act, the Stabilization Act of 1942, the Act of July 2, 1940, and the Second War Powers Act with reference to sugar. Under this Law all authority in connection with sugar formerly vested in the President of the United States, the Office of Price Administration and any other executive officer, department or agency was transferred to the Secretary of Agriculture. The Secretary of Agriculture was authorized to continue price control and rationing of sugar through October 31, 1947, and inventory control, other than on household consumers, through March 31, 1948.

To enable the Secretary of Agriculture to carry out the responsibilities assigned to him under Public Law 30, there was transferred from the appropriation, "Salaries and Expenses, Office of Price Administration Functions, Office of Temporary Controls," $4,256,000 for salary and operating expenses for the period April 1 to June 30, 1947.

The Congress in the Emergency Appropriation Act, 1948, Public Law 161, and in the Supplemental Appropriation Act, 1948, Public Law 271, approved $750,000 and $210,000, respectively, for operating expenses during July 1947, the payment of accumulated terminal leave, and other liquidation costs.

The Sugar Rationing Administration was terminated July 28, 1947. The liquidation program has been completed with the exception of final closing of personnel records and liquidation of outstanding obligations.

CHANGE IN LANGUAGE

The estimates propose deletion of the language for this item as follows (deleted matter enclosed with brackets):

> [Salaries and expenses: To enable the Secretary of Agriculture to perform, during July 1947, the functions and duties vested in him by the Sugar Control Extension Act of 1947 (Public Law 30), $750,000, including personal services in the District of Columbia; services as authorized by section 15 of the Act of August 2, 1946; printing and binding; not to exceed $10,000 for test purchases of commodities and ration currency for enforcement purposes; and hire of passenger motor vehicles: Provided, That not to exceed $40,000 may be transferred to the regular departmental appropriation for penalty mail as required by the Act of June 28, 1944: Provided further, That of the amount herein $400,000 shall be available exclusively for terminal leave.]
>
> [Salaries and expenses: For expenses necessary to enable the Secretary of Agriculture to perform the functions and duties vested in him by the Sugar Control Extension Act of 1947 (Public Law 30), including personal services in the District of Columbia; services as authorized by section 15

of the Act of August 2, 1946; printing and binding; not to exceed $10,000 for test purchases of commodities and ration currency for enforcement purposes; and hire of passenger motor vehicles, $210,000, together with the sum appropriated for the Sugar Rationing Administration in the Emergency Appropriation Act, 1948 (Public Law 161), which is transferred to and made a part hereof: Provided, That not to exceed $20,000 may be transferred to the regular departmental appropriation for penalty mail as required by the Act of June 28, 1944.]

It is proposed to delete the language pertaining to the Sugar Rationing Administration as the sugar price and rationing programs have been discontinued.

ITEMIZATION OF ESTIMATES

Appropriation: Sugar Rationing Administration

Funds Available for Obligation

Item	Estimate, 1948	Budget Estimate, 1949	Increase(+) or Decrease(-)
Appropriation or estimate	$ 960,000	- -	-$ 960,000
Total obligations	960,000	- -	-960,000
Obligations by Objects			
Standard Classification			
01 Personal services	$ 834,363	- -	-$ 834,363
02 Travel	13,404	- -	-13,404
03 Transportation of things	7,211	- -	-7,211
04 Communication services	7,881	- -	-7,881
05 Rents and utility services ..	53,638	- -	-53,638
06 Printing and binding	2,000	- -	-2,000
07 Other contractual services ..	41,098	- -	-41,098
08 Supplies and materials	405	- -	-405
Grand total obligations ...	$ 960,000	- -	-$ 960,000

FEDERAL CROP INSURANCE CORPORATION

The Federal Crop Insurance Corporation offers "all-risk" insurance on wheat, cotton, flax, corn, and tobacco in a limited number of counties as authorized by Public Law 320, dated August 1, 1947. One additional commodity will be added to the program beginning with the 1948 crop year. Multiple-crop insurance will be offered in diversified farming areas.

Under the experimental programs authorized, the Corporation estimates that there will be 212,000 contracts in force for crop year 1948. Based on the current premium rate structure, these contracts will yield $23,629,000 in premiums out of which it is estimated the Corporation will pay $21,266,000 in indemnities. The total operating surplus for fiscal year 1949 is estimated at $2,520,000. This estimated net profit which is subject to change depending on crop conditions, is based on the assumption that 90 percent of the premiums earned will be paid out in indemnities. This assumption is predicated on the structure of premium rates which are so established as to provide a 10 percent reserve for unforseen losses.

Insurance operations for fiscal years 1948 and 1949 are expected to be profitable enough to increase corporate capital available for program operations from $20,469,090 (including $10,000,000 from capital stock subscription authorized in the 1948 Agricultural Appropriation Act) at the beginning of fiscal year 1948 to $35,859,760 by June 30, 1948 and to $41,379,760 by June 30, 1949.

A summary of insurance operations is as follows:

	Fiscal Years 1948	1949
Net capital at beginning of year	$10,469,090	$38,859,760
Additions to capital during the year:		
Capital stock subscriptions	10,000,000	
Insurance premiums	45,590,000	23,629,000
Sales of commodities	17,493,000	10,278,000
Other income	275,000	275,000
Total capital available for insurance operations during year	83,827,090	73,041,760
Deductions from capital during year:		
Insurance indemnities	30,086,000	21,266,000
Cost of commodities sold	14,655,000	10,278,000
Other expenses	226,330	118,000
Total deductions from capital	44,967,330	31,662,000
Net capital at end of year	38,859,760	41,379,760

Subscriptions to Capital Stock

Appropriation Act, 1948	$10,000,000
Budget Estimate, 1949	--
Decreases, 1949	-10,000,000

A decrease of $10,000,000 arising from the elimination of the appropriation carried in the 1948 Agricultural Appropriation Act for subscriptions to the capital of the Federal Crop Insurance Corporation. The total capital stock authorized, $100,000,000, has now been purchased by the Secretary of the Treasury.

Administrative and Operating Expenses

Fiscal year 1948 activities consist of the orderly completion of the 1947 crop year program and the launching of the experimental program outlined in Public Law 320.

Fiscal year 1949 estimates cover the cost of operations for the first full year under the new program. The major part of the work in connection with completing the 1947 program in areas where crop insurance is no longer being offered will be performed in fiscal year 1948. The responsibility to collect any carry-over premiums, settle controversial claims, and complete case reports in 1949 will be primarily in the area offices. The cost of this work will be absorbed as a part of regular operations.

The 1949 administrative expense estimate is a reduction of $1,275,000 under the 1948 costs. This reduction represents the non-recurring costs incurred in the completion of the 1947 program. The $3,725,000 estimate provides for the planning and operation of 23 different types of insurance programs covering six commodities; the writing of 180,500 new contracts on 1949 crops; collecting over $23,000,000 in premiums on 211,700 contracts on the 1948 crops; adjusting and settling an estimated 70,500 loss claims on the 1948 crops; and the cost of the General Accounting Office audit.

Administrative Costs Below Commercial Level. The unit cost of administering an experimental program is necessarily higher than the unit cost of a national program. Nevertheless, the administrative and operating expense ratio for 1949 compares favorably with that of commercial insurance companies and the expense limitation authorized by the Congress. The administrative costs of commercial companies average 35 to 40 percent of premiums collected. The Congress has directed that after fiscal year 1949 the administrative expenses of the Corporation shall not exceed 25 percent of the premiums collected in the previous year. The 1949 budget estimate is approximately 16 percent of the $23 million of estimated premiums on the 1948 crops.

The 1949 estimate is explained below:

Appropriation Act, 1948	$5,000,000
Budget estimate, 1949	3,725,000
Decrease, 1949	-1,275,000

SUMMARY OF INCREASES AND DECREASES, 1949

Elimination of the cost of completing the 1947 crop year program in areas where insurance will no longer be offered	-$1,475,000
For expenses in connection with selling approximately 40,000 wheat contracts written in fiscal year 1946 which expire in fiscal year 1948	+200,000

PROJECT STATEMENT

Project	1947a/	1948 (estimated)	1949 (estimated)	Increase or decrease
1. Field Administration:				
Insurance Advisory Committees	- -	$ 116,370	$ 116,370	- -
Field Supervision.	$1,122,385	432,040	264,900	-$167,140
Coverage and Rates Analysis and Revision.....	271,935	149,500	138,800	-10,700
Sales Work	1,437,138	702,500	902,500	200,000
Premium Collections	150,322	400,000	200,000	-200,000
Loss Adjustment Work	1,800,796	1,399,590	781,000	-618,590
Servicing of Contracts and Program Accounting ..	888,732	695,000	478,200	-216,800
Total	5,671,308	3,895,000	2,881,770	-1,013,230(1)
2. General Administration	962,249b/	725,000	683,230	-41,770(2)
3. Hedging Operations				
Commodity Purchase Expense	57,668	30,000	10,000	-20,000
Storage and Handling Costs	335,982	350,000	150,000	-200,000
Total	393,650	380,000	160,000	-220,000(3)
Total obligations ..	7,027,207	5,000,000	3,725,000	-1,275,000
Unobligated balance ...	312,793	- -	- -	- -
Total appropriation or estimate	7,340,000	5,000,000	3,725,000	-1,275,000

a/ Transfers to Production and Marketing Administration for 1947 are distributed by projects for purposes of comparability with 1948 and 1949 estimates.

b/ Includes $22,771 transferred to the Treasury Department for check writing services.

INCREASES AND DECREASES

The net decrease of $1,275,000 in this item for the fiscal year 1949 consists of the following:

(1) A decrease of $1,013,230 in field administration composed of the following:

(a) A decrease of $167,140 in field supervision work. At the beginning of fiscal year 1948, 35 state offices were in operation with their primary activity being the orderly completion of the 1947 crop year insurance programs. As these programs are completed, the state offices will be closed and merged into area offices. This merging process will begin around January 1, 1948 in the northern states with the completion of the wheat program and will gradually move south through the cotton areas. The entire conversion will be completed by June 1948. By the beginning of fiscal year 1949, the field administration of the crop insurance programs will be directed through 13 area offices. These offices are expected to administer the crop insurance programs, approve insurance rates and coverages, conduct sales campaigns, process applications, review loss claims, secure and process crop acreage reports, and maintain producers' case files.

(b) A decrease of $10,700 in coverage and rates analysis and revision work. Coverage and rate surveys will be conducted in 219 counties in 1948. Program plans for 1949 call for initial surveys in 192 counties at an average cost of $500 per county and for continued work in the 219 counties at a cost of approximately $245 per county

(c) An increase of $200,000 in sales work. The average cost of sales work is $5.00 per contract and includes the cost of educational and promotional work, application and report work, and commissions.

The increase in this activity results from the necessity to provide for sales expense in connection with the selling of approximately 40,000 multiple year wheat contracts which expire in fiscal year 1948.

The sales goal of 180,500 contracts for the 1949 crop is based on statistics which indicate that the average number of contracts in force per county will be:

Commodity	Average Number of Contracts in Force
Wheat	500
Cotton	700
Flax	300
Corn	500
Tobacco	700
Other	400

With all programs now on a restricted basis as to the number of counties, the concentrated sales effort will result in increasing the average number of contracts per county. Also, average sales will increase because two main factors considered in selecting counties for insurance programs were (1) income from the insured crops constituted the major portion of the county agricultural income, and (2) a high degree of local interest and desire for insurance was expressed.

Since the best results will be obtained by having the maximum participation in areas where the program is offered, an active sales campaign will be conducted in each county, either by arrangements with the county associations or by Corporation employees. The Corporation will continue to pay salesmen a fee for writing the contract plus a commission based on the premium earned under the contract.

(d) A decrease of $200,000 in premium collection work. The reduced program in 1948 will result in a reduction in the volume of premiums to be collected in fiscal year 1949. The Corporation estimates that collection costs are about one percent of premiums due. The decrease in 1949 reflects the extimated reduction in premiums from over $45,000,000 in 1948 to over $23,000,000 in 1949.

(e) A decrease of $618,590 in loss adjustment work. This decrease is the estimated cost of adjusting losses on the 1947 program in areas where insurance will no longer be offered. The average cost of adjusting a claim in fiscal year 1947 was $14. With the greater concentration of contracts in an area to be covered by an adjuster, this average cost will be reduced to about $11 by fiscal year 1949. The average number of claims handled by an adjuster per working day will be increased from 1.14 in 1946 and 1.37 in 1947 to almost 1.70 by fiscal year 1949.

(f) A decrease of $216,800 in the cost of servicing contracts and program accounting. This decrease in branch office activities is attributable to the reduced workload as a result of placing insurance operations on an experimental basis.

(2) A decrease of $41,770 in the cost of general administration due to nonrecurring expense in connection with the completion of the 1947 crop year program. The operation of experimental programs requires more planning. The Corporation was authorized by the Congress to try any insurance plan suited to the commodity. General administrative plans call for maintaining an adequate actuarial and program planning staff to provide for the development and refinement of insurance programs on six crops. In keeping with the experimental nature of the program, several different types of insurance will be offered for each crop.

These types of insurance include low premium and low coverage, area coverage, investment, and yield. Plans are also progressing for some reinsurance work in fiscal year 1948 with an expansion of this activity

in 1949. Congress authorized that reinsurance be tried to encourage private companies to enter the all-risk field. Some companies have been approached concerning operations under this provision of Public Law 320.

(3) A decrease of $220,000 in commodity purchase and storage expenses in connection with the completion of the 1947 crop year program. Because there are some insurance contracts in force that are not on a fixed price basis, it is necessary to engage in hedging operations to protect capital funds from wide commodity price fluctuations. There are approximately 71,200 multiple-year wheat contracts that remain in effect for crop year 1948, loss claims on which will be presented for settlement in fiscal year 1949. All new contracts are on a fixed-price basis which will eliminate the necessity for hedging operations after fiscal year 1949.

CHANGES IN LANGUAGE

The estimates include proposed changes in language of this item as follows (deleted matter enclosed with brackets):

Change No.	
1	[Subscriptions to capital stock, Federal Crop Insurance Corporation: To enable the Secretary of the Treasury to subscribe and pay for capital stock of the Federal Crop Insurance Corporation, as provided in Section 504 of the Federal Crop Insurance Act (7 U.S.C. 1504), $10,000,000.]
2	[Federal Crop Insurance Corporation: Provided, That no part of the sums appropriated in section 201 of this title shall be used for any crop insurance operations other than the continuation of the trial crop insurance program, as authorized, and expenses necessary in the liquidation of insurance contracts on the 1947 and prior crops of wheat, cotton, and flax: Provided further, That none of the funds herein appropriated shall be used to insure any 1948 or subsequent crop except wheat in not to exceed six hundred and thirty-three counties and flax in not to exceed eighty-seven counties, in accordance with section 508 (a) (1) of the Federal Crop Insurance Act, as amended, and five additional crops in 1948 under the provisions of section 508 (a) (2) of said Act, as amended, including corn and tobacco in not to exceed fifty counties each and cotton in not to exceed fifty-six counties, unless otherwise provided by legislation.]

The first change is proposed to delete the 1948 language providing funds for the subscription to capital stock. All subscriptions to capital stock authorized by existing law have been accomplished and the language is not necessary in 1949.

The second change is proposed to delete the language covering program limitations, since Section 1 of the Act of August 1, 1947 (Public Law 320) amending the Federal Crop Insurance Act, provides these authorities and the language is no longer necessary.

ITEMIZATION OF ESTIMATES

Appropriation: Administrative and operating expenses, Federal Crop Insurance Corporation

Funds Available for Obligation

	Estimate, 1948	Budget Estimates, 1949	Increase(+) or Decrease(-)
Appropriation or estimate.....	$5,000,000	$3,725,000	-$1,275,000
Total obligations.....	5,000,000	3,725,000	1,275,000
Obligations by Objects			
Standard Classification			
01 Personal services.....	2,626,460	1,788,755	-837,705
02 Travel.....	568,600	431,045	-137,555
03 Transportation of things....	31,020	22,900	-8,120
04 Communication services.....	19,810	14,100	-5,710
05 Rents and utility services..	91,570	79,300	-12,270
06 Printing and binding.....	63,000	60,000	-3,000
07 Other contractual services..	1,566,480	1,303,400	-263,080
08 Supplies and materials.....	33,060	25,500	-7,560
Grand total obligations...	5,000,000	3,725,000	-1,275,000

STATUS OF PROGRAM

Current Activities: The Corporation is currently operating insurance programs on six crops for crop year 1948. These programs are designed to furnish representative experience of the problems of all areas thus enabling the Corporation to gain adequate information for the establishment of future national insurance programs. The 1948 program is being offered in 411 counties with an estimated total of 211,700 contracts in force. Some other current activities designed to improve the program are:

1. The advice of farmers interested in crop insurance is being sought in each county in the program. This assistance will help the Corporation in (1) determining the best type of insurance program that could be offered in the county and (2) outlining the most practical means of introducing and operating that program.

2. Rates vary with the risk and productivity of the various areas. Each county in the program is being surveyed to secure productivity and farming practice information as a basis for establishing premium rates for units smaller than the county and for improving the coverage classification of farms.

3. Various types of insurance programs are offered. These programs include low premium and low coverage, area coverage, investment, yield, and reinsurance to provide various degrees and types of coverage to meet the needs of differing farm areas.

4. Multiple crop policy is being developed for use in general farming areas. This type of insurance is required by farmers producing several crops none of which constitute the major source of agricultural income of the county.

Examples of Recent Progress:

1. An incentive collection plan is giving good results. Experience has shown that a strong collection policy at the time premiums are due gives best results and conserves capital funds. The incentive collection plan in effect for the estimated $45,590,000 in premiums due on the 1947 crops provides the basis for compensation to the County Associations of the Production and Marketing Administration. The rate ranges from $.50 per premium for less than 80 percent of collections to $1.00 per premium for a performance of 98 percent or better. Early field reports reveal that several counties are making 100 percent collections for the first time and that a considerable number of counties have collected in excess of 90 percent of premiums due.

2. Effective loss adjustment work conserves capital funds. Probably the greatest protection to capital funds is effective loss adjustment work. Properly trained loss adjusters survey the crop loss of the claimant giving particular attention to see that approved farming practices are followed. In many cases, in

fairness to all parties, the original claims are substantially reduced. Therefore, it is deemed imperative that every claim be reviewed and approved before payment is made.

California presents an example of the results of good loss adjustment work on 21 controversial claims on 1946 crops.

Commodity	No. of Claims	Loss Claimed	Loss Paid	Savings to Corporation
Wheat	9	31,931 bu.	10,735 bu.	21,196 bu.
Cotton	12	677,302 lbs.	291,691 lbs.	385,611 lbs.

Figuring wheat at $2.00 per bushel and cotton at $0.35 per pound, a total savings of $177,356 was made in handling these 21 loss claims in California, or an average savings of $8,445 for each claim.

PENALTY MAIL ESTIMATE
Sec. 2, Public Law 364, 78th Congress
(Allotment to Federal Crop Insurance Corporation)

	1947	1948	1949
Category 1	$15,795	$19,500	$19,500
Category 2	26,335	32,500	32,500
Total	42,130	52,000	52,000

Category 1 consists of pamphlets, circulars, and other related material used primarily for the purpose of describing the various types of insurance protection offered to farmers; the benefits derived from such insurance; and how and where such insurance protection can be obtained.

Category 2 consists of correspondence and notices to farmers relative to their insurance contracts, and administrative and operational mailings in connection with the operations of the headquarters and field offices of the corporation.

WORKING FUNDS, AGRICULTURE, GENERAL

The budget schedule reflects working funds advanced from various Departments or agencies of the Federal Government to the Department of Agriculture under Section 601 of the Economy Act, as amended, in payment for services rendered or supplies furnished.

Funds thus advanced are made available to Bureaus within the Department of Agriculture by allotment in amounts shown in this schedule under the heading "Schedule of Allotments". Descriptions of the work performed for other departments and agencies in accordance with these working fund advances are included in the "Statement of Obligations Under Supplemental Funds" provided in each agency's section of the Explanatory Notes.

CLAIMS, JUDGMENTS, AND PRIVATE RELIEF ACTS

This item covers claims of $7,225 involving the Department of Agriculture during the fiscal year 1947 which were approved by the Congress in various deficiency and supplemental appropriation acts. They may be classified as follows:

(1) Judgments, United States Courts--$6,941 for the payment of the final judgments, including costs of suits, which have been rendered under the provisions of the Act of March 3, 1887, entitled "An Act to provide for the bringing of suits against the Government of the United States", as amended by section 297 of the Act of March 3, 1911 (28 U.S.C. 761-765), and which have been certified to the Congress.

(2) Judgments, United States Court of Claims--$284 for payment of the judgments rendered by the Court of Claims and reported to Congress as authorized by Act of March 3, 1911 (28 U.S.C. 254-257), as amended.

PAYMENTS FROM PROCEEDS OF SALES, MOTOR-PROPELLED VEHICLES, ETC., DEPARTMENT OF AGRICULTURE

Under the Act of August 2, 1946 (5 U.S.C. 118d-1) proceeds of sales of vehicles, equipment, accessories, and other items, the exchange of which is authorized by law, may be applied in whole or in part payment for the purchase of similar items. Receipts from this source are set up in a special appropriation account, available for the fiscal year in which the obligation to purchase the new equipment is incurred. Any unobligated balance at the close of the fiscal year is subsequently deposited into the Treasury as miscellaneous receipts.

The total funds available to the Department under this account are as follows:

1947 --	Total available	$1,516,394
	Unobligated balance ..	14,158
	Total available	1,502,236
1948 --	(estimated available).	1,491,195
1949 --	(estimated available).	1,418,500

MISCELLANEOUS CONTRIBUTED FUNDS, DEPARTMENT OF AGRICULTURE

The total appropriations or estimates of the Department under this trust account are as follows:

1947	$256,152
1948 (estimated)	273,535
1949 (estimated)	243,160

This item covers funds received or estimated to be received by the Department of Agriculture from private individuals or organizations and from State or local government organizations for carrying out certain cooperative agreements between such individuals or organizations and the Department in connection with its activities, as authorized by law, primarily the Act of May 15, 1862 (5 U.S.C. 511) establishing the Department of Agriculture (as further implemented by the Act of July 24, 1919 (5 U.S.C. 67, 563)). These funds are deposited in the Treasury of the United States and made available to the Department for expenditure under applicable cooperative agreements. The amounts for 1948 and 1949 are approximate and preliminary only, since it is difficult to estimate accurately what the total receipts from these sources will be in any given year.

A distribution of this fund by bureaus is reflected in the Budget schedules of individual bureaus and offices.

Following are a few examples of the types of agreements entered into by the Department and financed by contributed funds:

Cooperatives in California, Idaho, and other Western States	For cooperative white pine blister rust control
California Planting Cotton Seed Distributors of Bakersfield, California	For cooperative cotton seed investigations
Beet Sugar Development Foundation, Fort Collins, Colorado	For the testing of insecticides to control insects affecting sugar beets grown for seed

RETURN OF EXCESS DEPOSITS FOR REPRODUCTIONS OF PHOTOGRAPHS, MOSAICS, AND MAPS

This trust account has been established to refund to farmers and others any excess amounts deposited into the Treasury for the purchase of aerial or other photographs, mosaics, and maps which have been obtained in connection with the authorized work of the Department. The Department is authorized to sell these reproductions (at not less than their estimated cost) by the Act of February 16, 1938 (7 U.S.C. 1387). Funds received for the purchase of such reproductions are deposited into the Treasury. When the actual cost has been determined, the amounts deposited in excess of such costs are refunded to the purchasers from this account. The total appropriations or estimates for such refunds are as follows:

1947	$5,970
1948 (estimated).....	2,500
1949 (estimated)	2,600

A distribution of the funds by bureaus is reflected in the Budget schedules of individual bureaus and offices.

UNCLAIMED MONEYS OF INDIVIDUALS

This account was established under authority of the Permanent Appropriation Repeal Act, approved June 26, 1934 (31 U.S.C. 725s), to provide for refunding small sums representing excess repayments (of less than one dollar) on loans. Such amounts are covered into this trust fund and held until claims are made therefor by the borrowers. The total appropriations or estimates for such refunds are as follows:

1947	$770
1948 (estimated)	744
1949 (estimated)	644

A distribution of the funds by bureaus is reflected in the Budget schedules of the individual bureaus.

GENERAL PROVISIONS

Section 2: The purpose of this section is to impose certain requirements relating to loan activities of the Regional Agricultural Credit Corporation of Washington, D. C.

Section 3: This section relates to the purchase of passenger-motor vehicles for the Department outside the District of Columbia. This section limits the total acquisition of such vehicles by the Department of Agriculture to the number indicated for purchase in the passenger-motor vehicle statements in the Budget.

Section 4: This section provides for certain exceptions in the Department of Agriculture to the prohibition contained in the Independent Offices Appropriation Act against the employment of aliens. Immediately preceding the last proviso it is proposed to insert the word "and" which was inadvertently omitted in the printing of the 1948 Agricultural Appropriation Act.

Section 5: This section authorizes expenditures from appropriations contained in the Agricultural Appropriation Act for health service programs authorized by the Act of August 8, 1946 (Public Law 658) including the continuation of existing emergency rooms until an adequate health service program can be developed for all employees of the Department. The change in language of this section is for the sole purpose of inserting the U. S. code reference to the Act of August 8, 1946 in lieu of the Public Law number.

Section 6: This section authorizes the Department to pay awards, compromises, or settlements pursuant to the Federal Tort Claims Act (Title IV of the Legislative Reorganization Act of 1946, Public Law 601, approved August 2, 1946), from applicable appropriations or other funds, exclusive of funds appropriated or authorized in the Government Corporations Appropriation Act. The changes in the language of this section is for the sole purpose of revising the citations to the Act of August 2,1946.

Section 7: This section continues the restriction against the employment of persons who are members of an organization of Government employees who assert the right to strike against the Government of the United States, or who advocates, or who are members of an organization that advocates, the overthrow of the Government.

Section 8: This section continues the language providing that limitations on amounts expended for personal services under appropriations in the Agricultural Appropriation Act shall not apply to lump-sum leave payments pursuant to the Act of December 21, 1944. It is proposed to amend the language of this provision to substitute the U. S. code reference to the Act of December 21, 1944 for the Public Law reference.

It is proposed to delete the following proviso in this section inserted in the 1948 Agricultural Appropriation Act:

> [Provided, That in expending the appropriation herein for "Inspection and quarantine, Bureau of Animal Industry", service

35577